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SUPERMARKET BUSINESS

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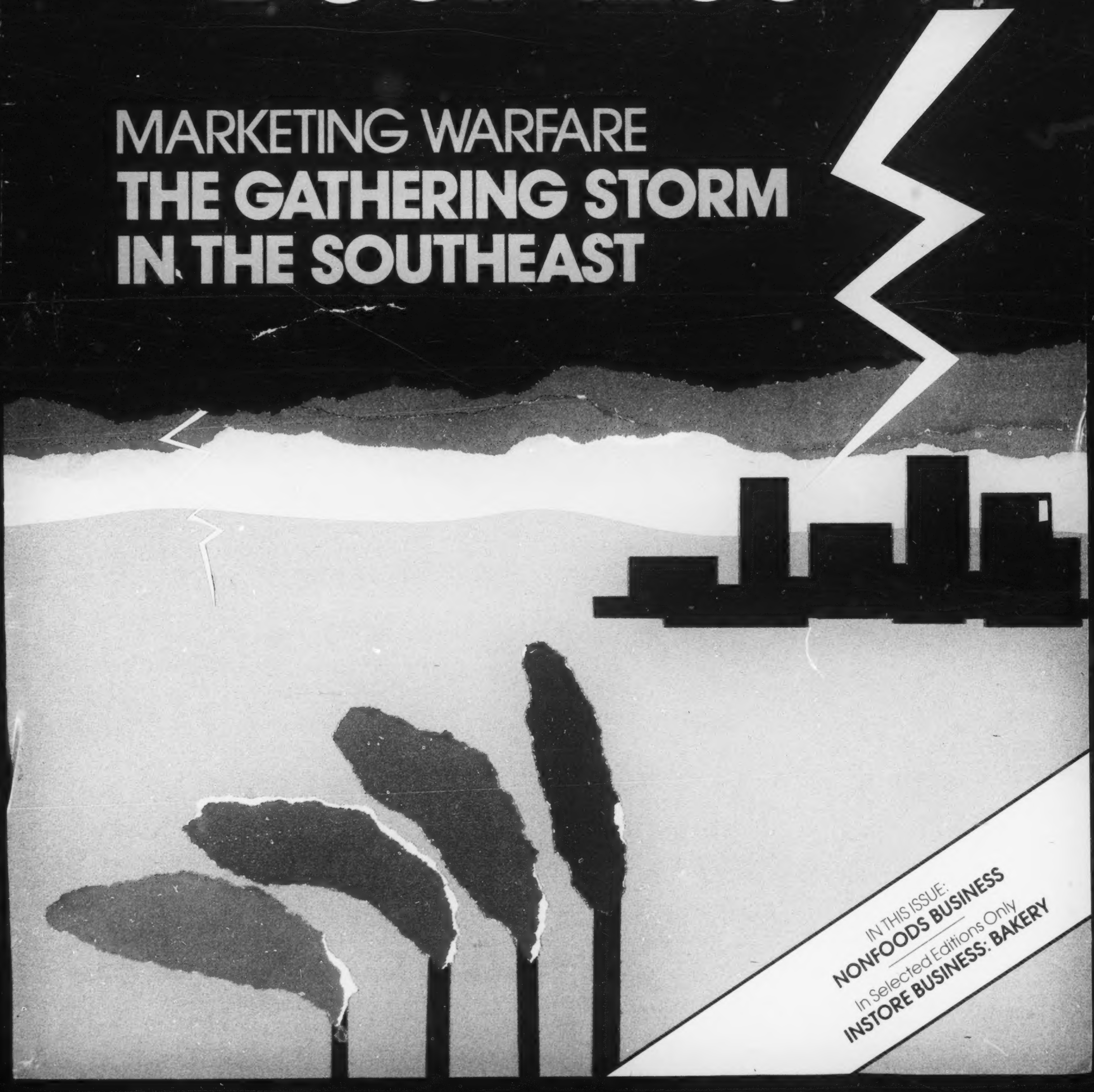
PART ONE
OF TWO PARTS

VOLUME 42/NUMBER 11
NOVEMBER 1987

MARKETING WARFARE
THE GATHERING STORM IN THE SOUTHEAST



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In Selected Editions Only
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ADVERTISING SALES

EAST
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Thomas Dean

NATIONAL SALES MANAGER FOR NONFOODS BUSINESS
Maggie McAleer

SALES DEVELOPMENT MANAGER
Janet Isenberg

Fieldmark Media
25 W. 43rd Street, Suite 707
New York, N.Y. 10036

CHICAGO
VICE PRESIDENT, NATIONAL ACCOUNTS
Dave Wishard

REGIONAL SALES MANAGERS
Doug Koda
Phil Saran

Fieldmark Media
7366 N. Lincoln
Lincolnwood, Ill. 60646
312-673-6737

WEST COAST
Sue Marritt

Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
818-783-5888

FIELDMARK MEDIA
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
212-354-5169

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BPA ABP Association Of Business Publishers, Inc.

SUPERMARKET BUSINESS

VOLUME 42
NUMBER 11

PART ONE
OF TWO PARTS

NOVEMBER 1987

THE MARKETING WARFARE GAME: THE GATHERING STORM IN THE SOUTHEAST/BOB HUGHES & KEVIN COUPE **21**
New marketing forces are bringing fast changes to supermarket retailing in the Southeast. Nowhere are the changes coming faster than in Savannah, where local ownership has fallen to the modern pressures of acquisition and fast growth.

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When a small publishing house went about creating cards with more than a short message, the result was a hybrid card/book. One tells of life—and love— in the checkout lane.

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When renovating its Sunflower supermarket, Lewis Grocer Co. kept the interests of its affluent customers in mind.

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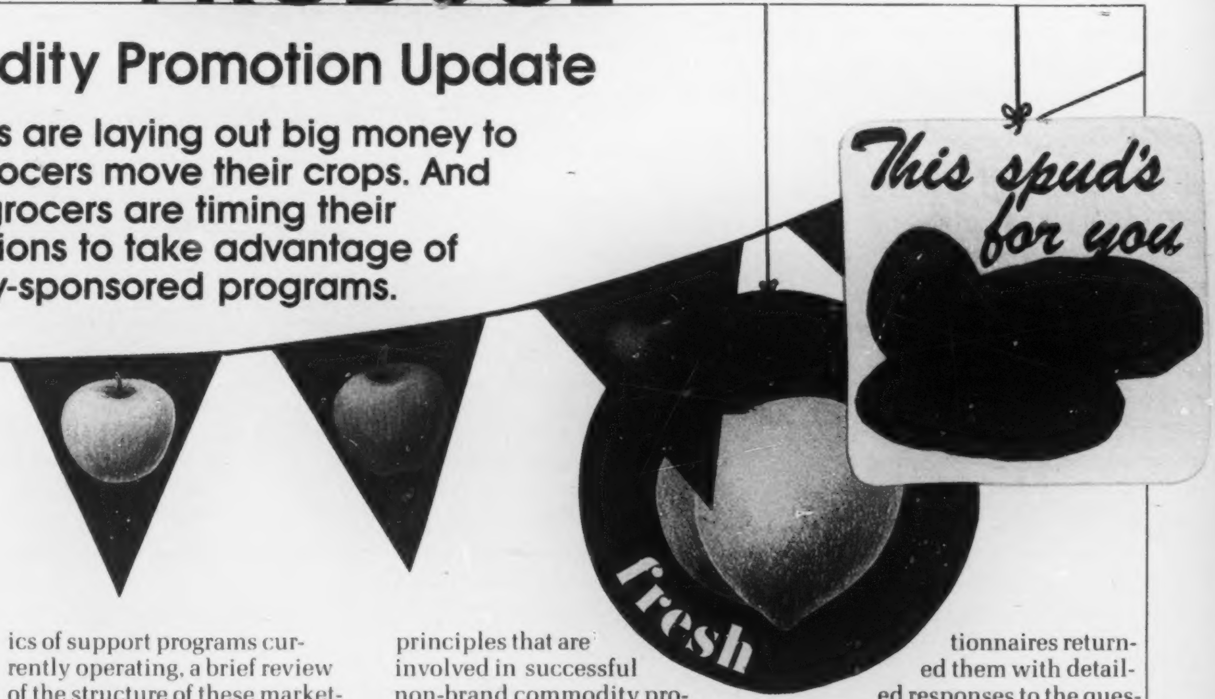
Commodity Promotion Update

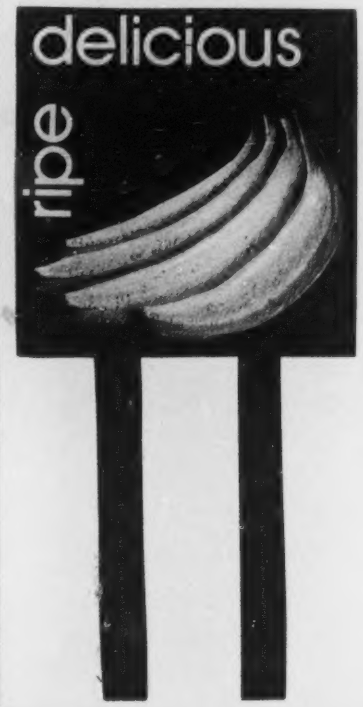
Growers are laying out big money to help grocers move their crops. And smart grocers are timing their promotions to take advantage of industry-sponsored programs.



Grower-sponsored support programs are becoming more and more important to the efficient and profitable distribution of fresh produce. Currently, the best estimates are that nearly $100 million is being spent by produce growers (occasionally with matching funds contributed by shippers or packers) to assist in the marketing of their fresh products.

This is not a new development, but the size of many of these programs has become an important ingredient in successful marketing. Thirty years ago, a support program with $25,000 or $30,000 behind it was a substantial effort. Now it is common to see growers spend $1 million or more per year to help move their crops.

Most of these support programs still represent a very small percentage of the crop value, and industry organizations surveyed recently by SUPERMARKET BUSINESS continue to rely on proven techniques to gain maximum effect from the available dollars.



Andrea L. Gallo

Before getting into the specifics of support programs currently operating, a brief review of the structure of these marketing organizations would be in order. "Marketing order" programs were started in the late 1930s as a way to help bring commodities out of the disastrously low-priced doldrums of the Depression. Growers of Washington state apples, Idaho potatoes and a number of California commodities initiated marketing support programs through state legislatures at that time. (These programs came into being when 51 percent of the growers representing two-thirds of the crop, or vice versa, voted to put them in place.) Since that time, a number of federal programs have been started, making it possible for products such as potatoes to be promoted regardless of the state of origin of the commodity. These organizations (state and federal) make up the majority of grower-supported programs.

Others fall into two categories: major cooperatives such as Sunkist, Sun Maid, Sunsweet and others that have long supported their products with strong advertising and other marketing support programs; and voluntary associations such as the International Banana Association and the National Onion Association. (The co-ops will not be the subject of this article because, although producer-sponsored, their products really fall into the "brand" category, a subject that has been covered recently (see "Will Brand Marketing Succeed, Or Will It Spoil Fresh Produce?," SUPERMARKET BUSINESS, Feb. 1987, p. 21).)

There are a number of basic principles that are involved in successful non-brand commodity promotions, and frequently retailers and growers lose sight of them in the supply-demand-and-weather-controlled marketplace that can create such wild fluctuations in price. The bottom line is that growers and retailers, as well as the middlemen used along the way, must cooperate in order to market products that are completely satisfactory to the consuming public. No matter how excellent the quality of the product that is shipped may be, unless it is handled properly throughout the chain of distribution, it can end up at the consumer level as an inedible item. Or the reverse, of course, is also true; if fruit is shipped too green or too ripe, it's impossible to get it to the consumer in a way that will give a profitable return to both the grower and the retailer.

This principle extends to every aspect of commodity marketing. Promotion of these products is a shared responsibility .... education of the handlers along the line is a shared responsibility ... consumer education ... the development of improved packaging and shipping materials, the development of uniform sizes and quality standards, etc. should also be the joint responsibility of all segments of the distributive trades as well as the producing growers and shipping organizations.

Survey results

This brings us to the results of the informal survey taken of some 40 commodity promotion organizations. More than 50 percent of those receiving questionnaires returned them with detailed responses to the questions asked. By coincidence, the respondents could be neatly divided into four groups: those with budgets in excess of $1 million; those with budgets of $500,000 to $1 million; those with budgets of $100,000 to $500,000, and those with budgets of less than $100,000. Not unexpectedly, the way that these groups spend their promotional money is quite consistent within each group.

The categories covered by the questionnaire were consumer advertising, merchandising, trade communications, consumer public relations, instore incentives, food service and research. In general, the smaller groups concentrated on consumer public relations and merchandising, whereas the largest groups had much more balanced programs with substantial expenditures in consumer advertising.

For example, consumer advertising represented 44 percent of expenditures for groups that spend over $2 million per year; merchandising was 14 percent; trade communications, 4.5 percent; consumer public relations, 8 percent; instore incentives, 7 percent; food service programs, 7 percent; and research, 1.5 percent.

A chart of the expenditures

By Barney S. McClure, McClure & Associates

by these four groups is shown below. Although there was a definite pattern to the way the commodity programs spent their money, the content of the programs, the techniques used and the objectives of the different commodity groups varied based on the specific marketing problems each commodity faces.

Broadly, these commodities can be divided into those products that are extremely well known to virtually all consumers (apples, lettuce, peaches) and those that require a great deal of consumer education and, occasionally, even trade education for proper handling and use (such as kiwifruit, apricots, avocados.) For familiar produce, simply reminding the consuming public that the product is available, the price is right, and suggesting additional ways of using the product should result in increased sales. For those commodities where basic usage patterns have not been established, educating consumers about how to select, how to ripen and how to use the commodity are all extremely important. As a consequence, the kiwifruit industry, for example, uses instore demonstrations as a major way to help educate the public as well as to offer the retailer an incentive to handle a bigger volume of product. The California Lettuce Commission, on the other hand, puts most of its funding into direct retailer co-op advertising.

Even though some of the largest of these promotional programs are reaching the $7 to $10 million range, these are still modest promotional expenditures when billions of pounds of product are included in the category being promoted (The total expenditures of all the commodity programs put together would barely pay the advertising bill that Procter & Gamble pays every month.), thus the need for cooperation between producer and marketer. The grower can spend his promotional funds most effectively to educate the consumer through non-branded public relations efforts as well as instore signs and leaflets that will be targeted for distribution to the purchaser of the product. The retailer, thanks to the fact that produce has become the number one reason why consumers shop at one supermarket versus a competitor, can afford to devote substantial retail advertising space to produce to establish availability, price and quality in the customer's mind.

Other areas of promotion, like educating produce personnel through merchandising activities, and offering specific incentives to encourage the store-level produce manager to do a more conscientious and better job of handling and promoting the product, are generally considered to be joint

Continued on page 73

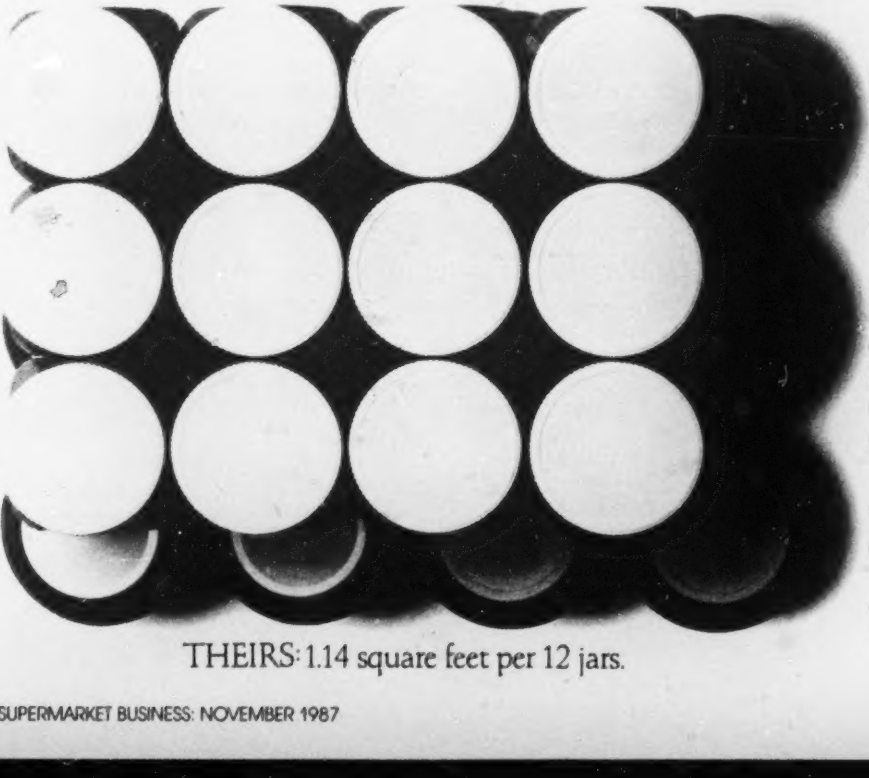
How Commodity Marketing Funds Are Spent

Activity	Group I $1,000,000 plus	Group II $500,000 to $1,000,000	Group III under $500,000	Group IV under $100,000
Consumer Advertising	44%	31%	5%	0
Merchandising	14%	26%	27%	42%
Trade Communications	4.5%	11%	10%	7%
Consumer PR	8%	6%	28%	31%
In-Store Incentives	7%	8%	22%	−5%
Food Service	7%	2.5%	5%	0
Research	1.5%	10%	3%	0

The spending plans of domestic product marketing programs. The balance of the expenditures went to export programs, while some groups apparently kept administrative costs as a non-reported percentage.

If You're Short On Shelf Space, Our New Jars Will Fit Right In.

OURS: Only 0.75 square feet per 12 jars.



THEIRS: 1.14 square feet per 12 jars.

Instead of wasting space, you could be saving it with our new Square Deal™ jars.

They're the first mustard jars with this unique square shape—a shape which delivers 60% more profit per square foot than the other national brand.

Plus, when you order our Square Deal™ jars, you'll get shrink-wrapped shipping trays that help lower display building and shelf stocking costs.

All of which will save you money throughout your distribution system.

As well as space in your stores.

PLOUGHMAN'S
Mustard

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 7/17/87	4 WEEKS ENDING 8/14/87	4 WEEKS ENDING 9/11/87
BABY NEEDS	**− 0.8%**	**+ 2.7%**	**− 0.4%**
Baby Powders	−11.7	− 5.3	− 9.7
Baby Oils, Creams & Lotions	+ 7.5	+16.1	+13.8
Infant Clothes	−20.5	−27.0	−32.0
Nursing Supplies	+ 0.7	+ 1.0	− 1.4
DEODORANTS	**+ 2.7%**	**+ 5.6%**	**+ 2.6%**
Sprays	− 3.4	− 3.9	− 2.5
Roll-Ons	+ 0.4	− 0.5	− 6.7
Stick Deodorants & Pads	+ 8.8	+13.1	+ 9.5
Creams	−16.7	−15.3	−13.6
Deodorants & Talcum Powders	+16.5	+30.0	+22.1
Feminine Hygiene Deodorants	+ 1.9	+ 0.8	+ 2.4
Foot Deodorants & Athlete's Foot Remedies	+10.6	+ 6.7	+ 3.4
Feminine Douches	− 0.5	+11.1	+ 6.9
FIRST AID	**+ 1.8%**	**+ 0.4%**	**+ 2.0%**
Antiseptics	+ 2.2	+ 5.3	+ 7.5
First Aid Products	+ 1.7	− 1.3	+ 0.2
HAIR CARE NEEDS	**+ 1.0%**	**+ 2.9%**	**+ 1.8%**
Shampoos	− 2.1	+ 0.4	− 2.3
Hair Sprays	+15.8	+15.8	+12.2
Hair Conditioning Rinses	− 7.1	+ 0.3	− 0.1
Hair Setting Needs	+ 8.2	+ 1.7	+13.7
Home Permanent Kits	− 7.4	−10.4	−19.5
Hair Coloring	− 5.5	− 4.5	− 2.5
Hair Dressing Needs	− 2.6	− 4.7	− 5.6
ORAL HYGIENE	**+ 4.2%**	**+ 6.6%**	**+ 1.5%**
Toothpastes & Powders	+ 2.5	+ 9.5	+ 1.1
Mouthwashes	+16.1	+15.4	+15.4
Breath Fresheners	− 0.5	− 2.9	− 3.1
Denture Cleaners	− 3.6	− 4.4	− 8.1
Denture Adhesives	− 3.3	− 3.2	− 3.8
Toothbrushes	+ 3.0	− 9.3	− 7.6
PROPRIETARY REMEDIES	**+ 2.4%**	**+ 1.5%**	**− 0.1%**
Antacids	+ 1.3	+ 2.2	+ 2.9
Internal Analgesics	+ 3.0	+ 3.4	+ 1.9
External Analgesics	+ 0.5	− 2.3	− 0.4
Cold Remedies	+ 1.3	− 0.8	− 9.9
Nasal Sprays—Drops—Inhalers	− 1.9	− 4.8	− 3.7
Chest Rubs	− 8.1	− 4.5	−13.7
Cough Remedies	− 0.3	− 1.3	− 6.4
Laxatives	+ 1.3	− 1.5	− 0.6
Sleeping Aids	+10.2	+ 9.6	+ 4.9
Tranquilizers	− 3.2	−13.1	− 5.6
Synthetic Vitamins	− 5.9	− 3.1	+ 4.0
Eye Care Products	+21.8	+15.8	+16.3
Appetite Suppressants	−14.7	−22.6	−18.7
SHAVING NEEDS	**+ 3.0%**	**− 4.4%**	**− 5.1%**
Shaving Creams	+ 1.4	− 6.5	+ 2.1
Pre-Shave Lotions	− 0.6	− 0.0	− 5.0
After-Shave Lotions	− 1.6	+ 1.7	− 1.0
Razor Blades	+ 4.3	− 3.8	− 7.8
Razors & Blades	− 0.6	−20.6	−24.5
SKIN CARE AIDS	**+ 7.5%**	**+ 8.3%**	**+ 9.7%**
Hand & Body Creams & Lotions	+ 7.9	+ 7.6	+14.3
Facial Preparations	− 5.8	− 9.3	−10.2
Lip Care Products	+31.6	+21.4	+21.4
Suntan Lotions & Oils	− 6.3	+13.3	+21.9
Cosmetic & Medicated Skin Aids	+12.2	+15.0	+11.8
TOTAL ALL CATEGORIES	**+ 2.7%**	**+ 3.1%**	**+ 4.1%**

HBA Has Strongest Dollar Gains in September Reporting Period

Continued strong performance of skin care aids contributes to an HBA sales gain that outpaces all other product departments.

BY ALAN MILLER JR.

Fall sales of health and beauty aids (HBA) got off to a very good start as dollar volume among all HBA products tracked in SAMI's most recent reporting period rose 4.1 percent over the corresponding period a year ago. This rate of gain compares favorably with the 3.1 percent increase for frozen foods and a 2.2 percent improvement among refrigerated foods, and represents a significantly higher growth rate than the gains made by dry grocery-nonfood (+1.5 percent) and shelf stable food products (+0.3 percent). The HBA dollar gain rate of 4.8 percent on an annual basis is also the strongest improvement among all product departments. Only the 4.2 percent 52-week increase for refrigerated foods comes close to the pace set by HBA.

On a tonnage basis, the four-week unit gain of 1.1 percent for HBA items is exceeded only by the 1.2 percent tonnage gain for refrigerated foods. There were tonnage declines in the most recent reporting period for both the dry grocery and frozen food departments amounting to 0.2 percent and 1.5 percent respectively.

Five of the eight HBA product groups recorded four-week volume gains including a whopping 9.7 percent increase for the skin care aids group. The sharpest loss was the 5.1 percent drop for shaving needs as a result of accelerating weakness for razor blades, which are not benefiting from category-expanding new product launches.

Twenty-four HBA categories showed increased volume; slightly more, 28, showed declining volume. There were three product categories with four-week national food store unit-volume increases in excess of 20 percent: deodorant and talcum powder (+22.1 percent), suntan lotion and oil (+21.9 percent) and lip care products (+21.4 percent). There were only two product categories with loss rates of this magnitude—infant clothes (-32.0 percent) and razors and blades (-24.5 percent).

Baby products decline

Three of the four baby needs categories recorded declines for both the four-week and 52-week periods. Baby powder volume dropped 9.7 percent for the most recent four-week period, but as a result of new line extensions in the Johnson & Johnson stable and the introduction of Baby Magic Rich N' Creamy, volume among baby oils, creams and lotions rose 13.8 percent, or almost enough to erase the declines for infant clothes, nursing supplies and baby powders.

The best track record in the personal deodorant product

SAMI UPDATE

group was achieved by deodorant and talcum powders; Shower to Shower was the standout brand in the category. Stick deodorants/antiperspirants are continuing to build share in this product group, and the four-week growth rate of 9.5 percent is higher than the annual unit increase of 8.9 percent. Sprays (-2.5 percent), roll-ons (-6.7 percent) and creams (-13.6 percent) can trace their downward paths to the ascent of the sticks. There were gains within this product group for feminine douches/washes (+ 6.9 percent), foot deodorants/athlete's foot remedies (+ 3.4 percent) and feminine hygiene deodorants (+ 2.4 percent). Unit sales in all eight of these categories combined advanced 2.6 percent, or higher than the annual increase of 2.0 percent.

Both first aid categories showed upward trends for the 28-day span, with unit movement of first aid antiseptics ahead 7.5 percent and first aid products up 0.2 percent for a combined product group trend of + 2.0 percent.

Five of the seven hair care needs categories registered negative trends, for both the four-week and 52-week periods. Four-week gains of 12.2 percent for hair sprays and 13.7 percent for hair setting needs, however, were instrumental in bringing about a net gain of 1.8 percent for the product group as a whole. The most worrisome trend in terms of magnitude of loss was the 19.5 percent reversal among home permanent kits. Hair dressing needs, which are predominantly men's grooming products, and ethnic hair preparations fell 5.6 percent. Hair coloring volume in food stores retreated 2.5 percent. Shampoo sales fell more than half a million units in the period, representing a decline rate of 2.3 percent. The loss rate for hair conditioning rinses, however, was down only 0.1 percent, representing a 28-day drop of just 9,000 units.

Four of the six categories of oral hygiene products had sales declines. The figure was 8.1 percent for denture cleaners and 7.6 percent for toothbrushes. New product activity in both the mouthwash and toothpaste categories, however, was sufficient to cause the product group as a whole to record a gain amounting to 1.5 percent.

Appetite suppressants drop

All of the four over-the-counter cough and cold remedy categories suffered sales losses versus the corresponding period one year ago: chest rubs (-13.7 percent), cold remedies (-9.9 percent), cough remedies (-6.4 percent) and nasal spray-drops-inhalers (-3.7 percent). As usual, the best performance in the proprietary remedies categories was turned in by eye care products, a category with a positive trend amounting to 16.3 percent or slightly higher than the 14.9 percent gain for the full year. Both synthetic (+ 4.0 percent) and natural vitamins, minerals and supplements (+ 6.8 percent) were in the plus column, as were sleeping aids (+ 4.9 percent), antacids (+ 2.9 percent) and internal analgesics (+ 1.9 percent). The highest loss rate both near-term and long-term is developing in the appetite suppressants category, where the most recent decline amounted to 18.7 percent. In all 14 categories combined, the loss was 0.1 percent.

Four of the five categories of shaving needs had minus volume, and the only gain was among shaving creams (+ 2.1 percent). As noted in previous columns, a dearth of new products helps to account for this unimpressive showing. The 7.8 percent drop in razor blade units for the four weeks amounts to a decline of nearly one million units.

Once again, the most impressive sales improvement came in the skin care aids group, where the only chronic area of sales doldrums is once again found in the facial preparations category. The other four categories in this product group all enjoyed double-digit rates of gain: suntan lotion and oil (+ 21.9 percent), lip care products (+ 21.4 percent), hand and body creams/lotions (+ 14.3 percent) and cosmetic and medicated skin aids (+ 11.8 percent). ■

When it comes to topical pain relief stock Americaine®.

Americaine
stops the pain
and itching of minor cuts scrapes and burns
Works fast with maximum strength benzocaine
Americaine
Americaine

For over 42 years hospitals and pharmacists have recommended Americaine topical anesthetic for cuts, scrapes, burns, insect bites and minor skin irritations. They've dispensed Americaine hemorrhoidal ointment for relief from the pain and itching of hemorrhoids. These health-care professionals know that Americaine contains 20% benzocaine pain reliever — no other topical anesthetic contains more. This history provides Americaine with a proven track record and a loyal customer base.

Now, Pharmacraft introduces Americaine to consumers, women 25-54, with a complete media program including national television, FSI and print. The Pennwalt Prescription sales force will detail Americaine to hospitals and pediatricians. The message is repeated in medical journal advertising.

Over 42 years of hospital heritage. Part of the growing first aid category. Excellent margins and allowances. When it comes to profitable topical pain relievers, stock Americaine.

Americaine®
Stops the pain.

PENNWALT CORP
PHARMACRAFT DIVISION
ROCHESTER, NY 14623

PRODUCE

Continued from page 18

responsibilities of the producer/shipper and retailer.

Researching the most effective means of influencing the consumer has traditionally been an exclusive responsibility of the grower groups.

Instore incentives

This brings us to what has become a controversial subject within the commodity promotion programs. This is broadly grouped in the survey under "instore incentives." This category includes many of the traditional incentive programs that have been used for years by commodity boards (30/30 or tagged radio or television spots, regional or national display contests, one-chain contests for display or other purposes) but the growing trend, initiated largely by retailers, is the direct contribution by commodity programs to retail advertising costs.

In the survey, only three of 19 responding commodity boards have gone to direct co-op advertising payments to chains based on criteria established by the commodity boards themselves. (Three or four others, not responding to the survey, do as well.) Interestingly, the three that do spend on co-op advertising are not all in the group with the most money to spend. The reasons commodity programs don't participate directly with retail advertising are several:

☐ Few of the boards or commissions have budgets large enough to finance co-op advertising with supermarket chains in every part of the country. For example, five to 10 cents is the range of most of the assessment rates per lug of product or 100 pounds of potatoes, and assuming two cents would be as heavy an investment in co-op advertising as most boards could make, a 100-store chain that purchases 50 packages of product per store to support an advertised feature, might receive $100 from the commodity program as an advertising incentive. This would hardly be a major influence in a chain's decision to promote that commodity. The same $100 could deliver a four-color point-of-purchase (POP) kit to each one of these 100 chain outlets.

☐ The commodity program cannot tie the support materials supplied to the retail trade directly to sales, in that in some cases there are hundreds of suppliers and no major buyer is supplied exclusively from one commodity source.

☐ Commodity prices are too volatile. As the president of one of the major commodity boards stated recently, "When the cost of a flat of our product drops from $8 to $4, we consider that the retailer has already been supplied with a considerable advertising allowance to promote our product." Manufactured, packaged grocery items that do include sizeable advertising or promotional incentives as part of their marketing program do so on the basis of maintaining a base price and offering advertising or promotional incentives as a discount off that price in order to get product moving when sales slow. This, of course, is not true of fresh fruit and vegetable products. In perishables, supply and demand can drop the price by 50 percent or more when peak volume is shipped and with the number of producers involved in virtually all commodities, it's impossible to maintain a "base price."

☐ The type of advertising featured by different chains can vary from heavy investments in television (with production costs alone that would bankrupt many of the medium- to small-sized commodity programs) to four-color mailers that are produced in the millions and must be committed to long before many commodity budgets are even known. This creates an impossible situation in terms of a fair allocation of funds depending on the type of advertising program chains use.

Selling specialty items

The chief arguments in favor of direct advertising support could apply to specialty items, some of which do use this device as a way to stimulate more advertising coverage. Avocado and kiwifruit growers have used direct support for retail advertising to help expand the market for their products. On a much larger scale, the California Iceberg Lettuce Commission has devoted a considerable part of its program to direct cooperative advertising, based on extensive research that has shown exactly how often and what type of advertising is used by different chains across the country. With this background information in hand, and a budget large enough to support national programs in this area, the commission has had great success in expanding the amount of retail advertising that is devoted to iceberg lettuce.

For most commodities, however, the traditional approaches are considerably more effective in terms of commodity sales as well as the kinds of support that can be given to the retail handlers of their product. As a consequence, the major programs invest heavily in network television and radio, spot market advertising (usually "tagged" with retailer names as an incentive), extremely powerful national and regional public relations programs that result in millions of dollars worth of editorial coverage of the commodities involved and the efficient mass production and distribution of four-color POP materials, recipe leaflets and educational materials.

Overall, it seems that commodity programs are continuing to expand the dollars they invest in marketing support functions. Again, both California and New Zealand kiwifruit are prime examples of commodity programs that have helped build a completely unknown product in a few short years to a profitable year-round product for chains in all parts of the country.

There is hardly a produce commodity today that is not supported by funds contributed by the growers of each one of these products to help the distributive trades do a bigger, better and more profitable job of selling the products they produce. ■

COVER STORY

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sures of acquisition and bottom-line results.

Take, for example, Smith Brothers, on Habersham Avenue, a 9,000-square-foot store that operates from 9:00 a.m. to 6:00 p.m. just five days a week (it closes on Wednesdays and Sundays). Renowned for its meats and for its personalized service—W.C. Lancaster, the company vice president who has been with Smith Brothers for some four decades, says that it used to be said that to be "in" in Savannah, "you had to attend Christ Church, send your kids to the Country Day School, and shop at Smith Brothers"—the store is not changing its ways.

"I don't think any chain has too much of an effect on Smith Brothers," Lancaster says. "We've had our inclines and our decreases. Of course, when Kroger opened their first store here, it took us almost a year to recover, and we weren't the only ones."

Well, not entirely steady. There recently was a small fluctuation in business at Smith Brothers. After decades of operation as a single unit, the ownership decided to open a second one, on nearby Skidaway Island. And while the move probably doesn't have M&M, Kroger, Food Lion and Sam's Wholesale Club rethinking their marketing strategies, it is nice to know that some of the local folks aren't conceding anything to anyone. ■

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VOLUME 42 NUMBER 12
DECEMBER 1987

1987

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Minute Maid

TETRA PAK
Launches a Bonanza
in Shelf-Stable Foods

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Tony McGinty

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Karen L. Jones

CONSULTING ART DIRECTOR:
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ART ASSOCIATES:
Andrea L. Gallo
Alison Bushnell

CONTRIBUTING EDITORS:
Marketing: **Len Daykin**
Produce: **Barney H. McClure**
Meat: **Kenneth Johnson**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **John Baskin**

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ADVERTISING SALES:

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Fieldmark Media
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CHICAGO:
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REGIONAL SALES MANAGERS:
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Fieldmark Media
7366 N. Lincoln
Lincolnwood, Ill. 60646
312-673-6737

WEST COAST:
Sue Marritt

Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
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FIELDMARK MEDIA
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New York, N.Y. 10036
212-354-5169

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SB honors two companies for the innovations they have made and the imagination they bring to supermarket retailing. Profiles of the winners—a retailer and a container manufacturer—follow.

VONS' VARIED FORMATS PLOW NEW RETAILING CONCEPTS 22
BOB HUGHES & TONY MCGINTY

Rather than grow geographically out of its Southern California base, the Vons Companies has pioneered new store formats in the area it knows best. The retailer's Pavilions and Tianguis stores have shown how to be creative as well as shrewd in business.

TETRA PAK LAUNCHES A BONANZA IN SHELF-STABLE PACKAGING/KEVIN COUPE 29

Tetra Pak, which pioneered aseptic packaging, describes itself as the largest container manufacturer world-wide. The impact of its packaging on U.S. supermarkets, while enormous, has just begun.

A SUNFLOWER GROWS IN MISSISSIPPI/KEVIN COUPE 33

In redesigning its corporately-owned Sunflower Stores, Lewis Grocer Co. relied first on outside consultants, then brought the work in-house. The results are telling.

AN 'URBAN' STORE SEEKS ITS NICHE IN THE SUBURBS 37
TONY MCGINTY

Jerry Bockwinkel's newest store is something of an experiment. Can small stores for upscale urbanites be transplanted to the suburbs?

INSTORE BUSINESS* OPPOSITE PAGE **38**

WHEN GOOD HELP IS HARD TO FIND, BEEFED UP TRAINING MAY BE THE ANSWER/LESLIE GILBERT **4A**

Workers are the lifeblood of the service deli, but how do retailers find them, and keep them?

SUPER SHOP N BAG HAS NEW DESIGNS ON THE DELI DEPARTMENT/KAREN L. JONES **17A**

Shop N Bag's newest store has a deli both bigger and brighter than anything it has done before.

TOPS CATERS TO THE CARRY-OUT CROWD/LESLIE GILBERT & DANIEL ELMAN **19A**

In Ithaca, N.Y., Tops competes successfully with fast-food and convenience operators.

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HOW TO WIN AT THE PROMOTION GAME/DANIEL ELMAN 43

Promotions can be a crap shoot. Retailers who have run successful ones say good timing, strong presentation, the right price and some imagination all play a part.

IN DALLAS, MINYARD'S LOOKS TO THE FUTURE/KEVIN COUPE & BOB HUGHES 51

Nonfoods provides much of the flavor in the newest Minyard's in Dallas and makes up better than 25 percent of the store's merchandise.

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In her latest movie, Diane Keaton finds herself saddled with a baby while trying to pursue her business career. Both end up having something to do with supermarkets.

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HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 8/14/87	4 WEEKS ENDING 9/11/87	4 WEEKS ENDING 10/9/87
BABY NEEDS	[illegible]	[illegible]	[illegible]
Baby Powders	− 5.3	− 9.7	−16.4
Baby Oils, Creams & Lotions	+16.1	+13.8	+13.2
Infant Clothes	−27.0	−32.0	−25.3
Nursing Supplies	+ 1.0	− 1.4	+ 2.5
DEODORANTS	[illegible]	[illegible]	[illegible]
Sprays	− 3.9	− 2.5	− 1.2
Roll-Ons	− 0.5	− 6.7	− 0.2
Stick Deodorants & Pads	+13.1	+ 9.5	+14.5
Creams	−15.3	−13.6	−12.6
Deodorants & Talcum Powders	+30.0	+22.1	+15.5
Feminine Hygiene Deodorants	+ 0.8	+ 2.4	+ 3.3
Foot Deodorants & Athlete's Foot Remedies	+ 6.7	+ 3.4	− 1.5
Feminine Douches	+11.1	+ 6.9	+11.6
FIRST AID	[illegible]	[illegible]	[illegible]
Antiseptics	+ 5.3	+ 7.5	+11.8
First Aid Products	− 1.3	+ 0.2	− 0.4
HAIR CARE NEEDS	[illegible]	[illegible]	[illegible]
Shampoos	+ 0.4	− 2.3	− 2.9
Hair Sprays	+15.8	+12.2	+14.4
Hair Conditioning Rinses	+ 0.3	− 0.1	+ 0.5
Hair Setting Needs	+ 1.7	+13.7	+ 9.0
Home Permanent Kits	−10.4	−19.5	− 7.7
Hair Coloring	− 4.5	− 2.5	− 4.8
Hair Dressing Needs	− 4.7	− 5.6	− 2.2
ORAL HYGIENE	[illegible]	[illegible]	[illegible]
Toothpastes & Powders	+ 9.5	+ 1.1	+ 0.1
Mouthwashes	+15.4	+15.4	+10.5
Breath Fresheners	− 2.9	− 3.1	− 1.7
Denture Cleaners	− 4.4	− 8.1	− 4.7
Denture Adhesives	− 3.2	− 3.8	+ 9.7
Toothbrushes	− 9.3	− 7.6	−11.0
PROPRIETARY REMEDIES	[illegible]	[illegible]	[illegible]
Antacids	+ 2.2	+ 2.9	+ 7.0
Internal Analgesics	+ 3.4	+ 1.9	+ 0.3
External Analgesics	− 2.3	− 0.4	+ 7.0
Cold Remedies	− 0.8	− 9.9	+ 6.7
Nasal Sprays—Drops—Inhalers	− 4.8	− 3.7	+ 3.7
Chest Rubs	− 4.5	−13.7	− 4.6
Cough Remedies	− 1.3	− 6.4	+ 4.5
Laxatives	− 1.5	− 0.6	+ 6.4
Sleeping Aids	+ 9.6	+ 4.9	+ 7.2
Tranquilizers	−13.1	− 5.6	− 0.4
Synthetic Vitamins	− 3.1	+ 4.0	− 2.3
Eye Care Products	+15.8	+16.3	+19.0
Appetite Suppressants	−22.6	−18.7	− 1.6
SHAVING NEEDS	[illegible]	[illegible]	[illegible]
Shaving Creams	− 6.5	+ 2.1	+ 5.7
Pre-Shave Lotions	− 0.0	− 5.0	+ 0.6
After-Shave Lotions	+ 1.7	− 1.0	+ 1.2
Razor Blades	− 3.8	− 7.8	− 4.2
Razors & Blades	−20.6	−24.5	−25.8
SKIN CARE AIDS	[illegible]	[illegible]	[illegible]
Hand & Body Creams & Lotions	+ 7.6	+14.3	+32.9
Facial Preparations	− 9.3	−10.2	+ 1.0
Lip Care Products	+21.4	+21.4	+38.5
Suntan Lotions & Oils	+13.3	+21.9	+10.1
Cosmetic & Medicated Skin Aids	+15.0	+11.8	+10.5
TOTAL ALL CATEGORIES	[illegible]	[illegible]	[illegible]

Cold Remedies and Skin Care Aids Racking Up Strong Performances in Food Stores

New entries from Lever Bros. and Helene Curtis spurred overall HBA growth.

BY ALAN B. MILLER JR.

Several new health and beauty aid (HBA) products have performed well in recent months, an indication that there's room for new products even in mature HBA categories. The success of the top new products in the 12-week period ending Oct. 9 is a coup for two companies, Helene Curtis and Lever Bros. These two companies marketed all six of the best-selling products introduced over the past 52 weeks. These top-selling new items were all hair preparations or dentifrices, but both companies were also responsible for new deodorants in spray, stick and roll-on form.

Combined four-week dollar volume in all 52 HBA product categories tracked by SAMI rose 6.4 percent, matched only by a similar gain for frozen foods. On a tonnage basis, the 3.5 percent unit increase for HBA was identical to the four-week gain for refrigerated foods. This strong performance in the HBA sector compares with a 3.2 percent dollar gain for HBA in the same period a year ago.

There were gains in this four-week period in both dollars and tonnage in each of the five product departments—overall gains of 3.5 percent in dollars and 2.2 percent on a unit basis. This trend represents a strengthening of food store volume. It is doubtful that the stock market crash in October will result in weak sales as food-store products are not usually affected significantly by the state of the economy.

The four-week increase in units for all 52 HBA product categories combined amounted to more than nine million packages. There were gains in six of the eight product groups. There were losses in baby needs and shaving needs, while the highest growth rates occurred in skin care aids (+21.7 percent) and deodorants (+6.2 percent).

The score at the product category level of measurement was 30 gainers to 22 losers. The highest loss rates, amounting to 25.8 percent and 25.3 percent respectively, were registered in the low-volume categories of razors and blades and infant clothes. Lip care products (+38.5 percent) and hand and body creams and lotions (+32.9 percent) set the pace for the growth categories.

In the baby needs category, which recorded a drop of 0.3 percent, the decline was the result of weakness among baby powders (-16.4 percent) and infant clothes (-25.3 percent). Gains of 13.2 percent for baby oils, cream and lotions and 2.5 percent for nursing supplies were almost enough to cancel out the losses. The most important new product in this grouping was Mennen's Baby Magic Rich n' Creamy introduced in February of this year.

Strength in powders

The four-week gain of 6.2 percent for personal deodorants was achieved to a large extent because of strength in deodorant and talcum powders (+15.5 percent), stick deodorants and pads (+14.5 percent) and feminine douches/washes (+11.6 percent). The most important new brands in this group were Suave deodorant (stick and spray) and Trust and Axis, introduced late last year by Lever Bros. The 12.6 percent loss for cream deodorants is consistent with recent trends.

Sales volume in the hair spray category (+14.4 percent) was an important factor behind the growth in four-week volume (+2.1 percent) among all seven hair care needs categories. Sales

SAMI UPDATE

of hair setting needs (+ 9.7 percent) are up and there was a modest increase for hair conditioning rinses. Sales were down for home permanent kits (-7.7 percent), hair colorings (-4.8 percent), shampoos (-2.9 percent) and hair dressing needs (-2.2 percent). Within this product group, the new brands introduced during the past year were Salon Selectives shampoo and hair conditioners, Textra shampoo and hair conditioner and Halsa hair sets and hair sprays (S.C. Johnson). Two shampoos for children were introduced: Sesame Street (Minnetonka) and Care for Kids shampoo (Revlon).

There were declines in the most recent reporting period in four out of seven oral hygiene categories monitored by SAMI, but the growth (+ 10.5 percent) in mouthwash sales was sufficient to bring a product group gain of 0.2 percent. The four-week unit growth for toothpaste was only 0.1 percent in spite of the fact that there were number of new offerings particularly by Lever Bros., which launched Aim Extra Strength and Anti-tartar formulations, as well as Close-Up Tartar Control and Close-Up Paste and Pepsodent with Fluoride. Also new in this category was Oral B Muppets toothpaste by Coopervision.

Denture adhesive volume advanced 9.7 percent for the reporting period as a result of strong sales for Fixodent. There were losses for toothbrushes (-11.0 percent), denture cleaners (-4.7 percent), dental aids (-4.2 percent) and breath fresheners (-1.7 percent).

Nine of the 14 categories of proprietary remedies enjoyed higher sales volume. Volume climbed as high as 19.0 percent in the case of eye-care products. Both antacids and external analgesics had unit increases of 7.0 percent while sales of sleeping aids rose 7.2 percent. Sales of internal analgesics moved ahead only 0.3 percent. In the cough and colds categories there were three gains and one loss (chest rubs). The best performance among these remedies was the 6.7 percent gain for cold remedies, which contrasts with the loss of 0.4 percent on a 12-week basis. Nasal sprays moved up 3.7 percent while cough remedies registered an increase of 4.5 percent. There were volume declines in both synthetic vitamins (-0.9 percent) and natural vitamins (-2.3 percent), but the loss rate for appetite suppressants improved from minus 14.9 percent on a 12-week basis to loss of only 1.6 percent for the four-week period. Four-week sales of laxatives and stool softeners gained 6.4 percent.

The upward trend in the shaving needs categories was stronger in the most recent four-week period than for the past 12 weeks, except for the small volume category of razors sets, where sharp losses continue in evidence. Sales volume of shaving creams was up (+ 5.7 percent) and small gains were recorded for pre-shave lotions (+ 0.6 percent) and after-shave lotions (+ 1.2 percent). There were no new million-dollar brands in this entire product group during the past 52 weeks.

Strongest trend

The strongest trend by far was for skin care aids. All five categories in the group had sales increases. The gain of 1.0 percent for facial preparations was the first increase in many months, while increases for hand and body creams (+ 32.9 percent) and lip-care products (+ 38.5 percent) exceeded the growth rates on a 12-week basis.

The 10.1 percent gain for suntan lotion does not indicate significant gains in dollars or units for the category. The current period reflects sales during the tail end of the summer. ■

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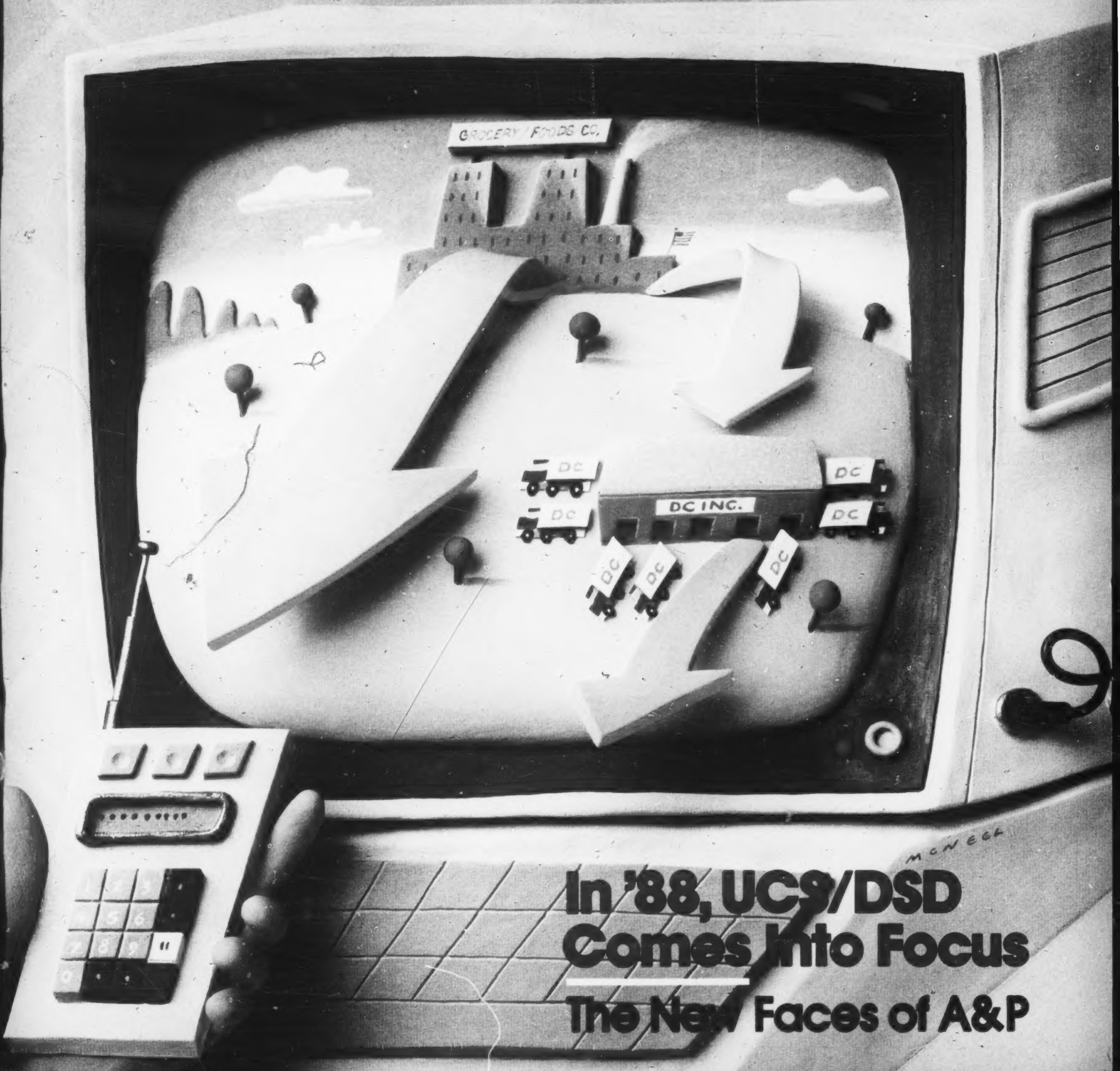
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In '88, UCS/DSD Comes Into Focus

The New Faces of A&P

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Over the next decade, UCS-enhanced DSD transactions are expected to produce hundreds of millions of dollars in savings for retailers and suppliers.

IN NEW YORK'S CAPITAL DISTRICT, HANNAFORD LAUNCHES A FRONTAL ASSAULT/KEVIN COUPE & BOB HUGHES 25

Hannaford Bros. has just opened its first New York Super Shop 'n Save outside Albany. But from the looks of things, upstate New York consumers—and Hannaford competitors—ain't seen nothing yet.

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A&P has found different things to love about New Cannan, Conn. and Pottstown, Pa., two hugely different communities now being served by new A&P supermarkets.

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Will doubling store size and expanding services be enough to fend off a super-sized Wegmans attack?

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Introducing an element of the theatrical into produce department design and operations can have a dramatic effect on sales.

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BOB HUGHES

Scanning is taking on a much more visible role in instore bakeries in everything from direct-store deliveries to sales.

HANNAFORD BANKS ON ITS BAKERY TO LURE SHOPPERS THROUGH THE STORE/BOB HUGHES & KEVIN COUPE 11A

A new Super Shop 'n Save greets shoppers with a large bakery that defines the store's commitment to service.

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A survey of housewares sales, merchandising and promotion reveals shifts in retailing patterns that offer opportunities for supermarkets to bring in profitable merchandise.

HOW THE MILLION-DOLLAR HBA BABIES FARED IN THE 1980s/ALAN B. MILLER, JR. 67

Leadership in many health and beauty aids categories has shifted during the current decade.

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In upstate New York, Hannaford's new Super Shop 'n Save is challenging Price Chopper for GM/HBA dominance.

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CHECKOUT: A BABY GIVES TOM SELLECK A MAGNUM OF HEADACHES/KEVIN COUPE 90

After Tom Selleck and his roommates find an infant at their door in the new comedy "Three Men and a Baby," Selleck's first stop for supplies is the local—or not-so-local warehouse store.

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ART ASSOCIATES:
Andrea L. Gallo
Alison Bushnell

CONTRIBUTING EDITORS:
Marketing: **Len Daykin**
Produce: **Barney H. McClure**
Meat: **Kenneth Johnson**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
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Fieldmark Media
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CHICAGO:
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Phil Saran
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Fieldmark Media
7366 N. Lincoln
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312-673-6737

WEST COAST:
Sue Marriff

Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
818-783-5888

FIELDMARK MEDIA
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
212-354-5169

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COOKWARE BOUTIQUE

Nonfoods merchandisers say they are giving more space and more attention to housewares. Whether it's by creating a boutique-like setting, left, or by bringing in clean, uniform packaging, below, supermarkets are attempting to make housewares more visible. It makes sense, since the category, with a gross margin near 40 percent, is a profitable one.

HOW RETAILERS POSITION FOR GROWTH IN HOUSEWARES

Shifts in retailing patterns offer opportunities to bring in profitable merchandise. Supermarkets are just starting to capitalize on this.

BY DANIEL ELMAN & DAVID LITWAK

Supermarkets are building their housewares business, according to the operators of about 2,000 stores, who answered a NONFOODS BUSINESS survey of housewares growth. There's probably never been a better time to do so.

With gross margins in the 38-percent range, the merchandise category is relatively profitable. But just as important, the housewares business in recent years has changed dramatically, opening up opportunities for many retail segments, including supermarkets.

Department stores, once an important factor in the housewares business, have abandoned what for them are low-margin basic housewares classifications, all but conceding that business to mass merchants such as K mart, Wal-Mart and others. Consequently, as those retailers' buying power has mushroomed, housewares products have become extremely price sensitive, as mass merchants continually out-price each other.

According to the most recent marketing study by the National Housewares Manufacturers Association, mass merchants' share of the total housewares market rose from 20 percent in 1976 to 35 percent in 1986. Supermarkets' share, on the other hand, rose only slightly, from five percent to seven percent.

Retailers' buying power

All this suggests that supermarkets still have a great opportunity. Warehouse clubs seized it a few years ago, and they are already a significant factor in housewares. The further they encroach onto supermarkets' trading areas, the smaller those opportunities will be.

Supermarkets appear well-positioned to grab some of the business. Many of the merchandisers responding to the NONFOODS BUSINESS survey are devoting more space to general merchandise, and they are giving an average of 115 square feet to housewares. Super warehouse stores are giving the category an average of 188 square feet; super stores are devoting an average of 170 square feet to housewares. Sixty-four percent of the survey respondents said they planned on increasing the amount of space given to housewares in the near future.

Just beginning to grow

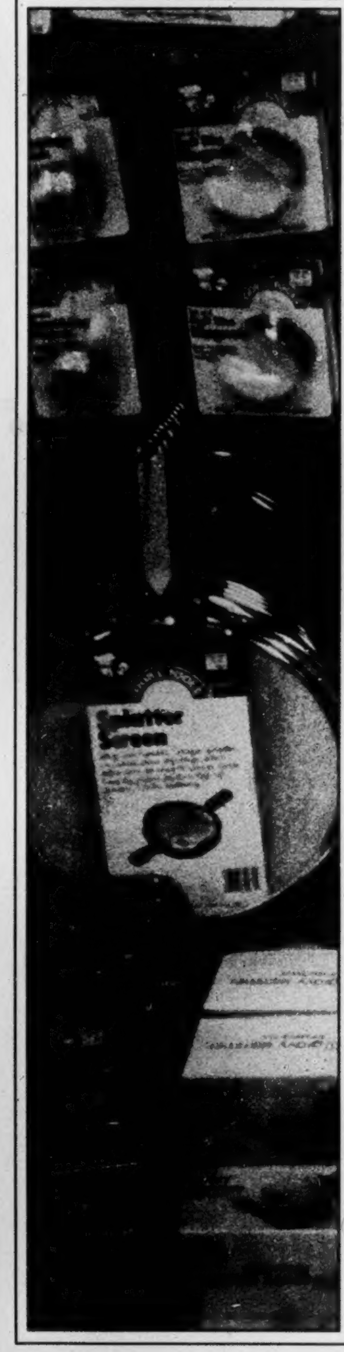
Supermarkets provide a natural venue for housewares which, because many of the products are associated with food preparation, are a good fit with groceries. Still, supermarkets' share of the housewares market is just beginning to grow. Now seems the time to give the category more attention.

Many respondents to the survey are doing just that. Even though supermarkets' share of the total housewares market did not rise as much as other retail segments' over the past 10 years, housewares sales in supermarkets rose nearly 17 percent, to nearly $4 billion, between 1984 and 1986, according to SUPERMARKET BUSINESS's 40th annual Consumer Expenditures Study. Respondents to the NONFOODS BUSINESS housewares survey said their housewares sales totaled $15,300 a week.

Besides increasing the space for the category, some stores are attempting to use existing space more effectively. A&P (Montvale, N.J.), for example, makes more use of endcaps and otherwise-unused space over store shelving. "We're going into a program of what we call Maximum Space Utilization in order to get additional exposure of general merchandise in existing facilities," says James Staab, vice president of procurement for Super Market Service, A&P's wholly owned service-merchandising subsidiary. While the chain has not altered its

MERCHANDISING

While sales in the housewares section include many types of items, retailers report that the largest share of their housewares dollars still come from traditional household items—lightbulbs, stick goods and batteries.



PORTIONING OUT THE HOUSEWARES SALES DOLLAR

Product	Share of Supermarket Housewares Sales
Light Bulbs	9.9%
Mops, Brooms & Brushes	7.1
Batteries & Flashlights	6.7
Kitchen Utensils & Gadgets	6.5
Traditional Cookware	6.4
Plastic & Rubberware	5.5
Microwave Cookware	4.6
Tableware	4.0
Pots & Pans	3.9
Beverageware	3.8
Kitchen Domestics	3.4
Food Preparation Glassware	3.0
Kitchen Electrics	2.9
Personal Care Electrics	2.8
Ornamental Glassware/Tabletop	2.7
Bathroom & Tub Accessories	2.6
Hardware	2.3
Vacuum Bottles & Picnic Jugs	2.2
Fireplace Logs	2.1
Cutlery/Flatware	1.7
Closet & Cabinet Accessories	1.2
Other Housewares	14.7
Total	100%

HOUSEWARES ITEMS/LINES MOST FREQUENTLY ADDED IN LAST 12 MONTHS

Microwave Cookware
Gadgets
Dinnerware/Tableware
Upscale Kitchen Electrics

HOUSEWARES ITEMS/LINES MOST FREQUENTLY DROPPED IN LAST 12 MONTHS

Beverageware (especially open stock)
Duplicate Brands of Gadgets

HOW HOUSEWARES PRODUCTS ARE OBTAINED

Percent of Supermarkets Reporting Each Source

Direct from retailer's own warehouse	39%
Service merchandiser	23
Combination of service merchandiser and direct	30
Combination of service merchandiser and grocery wholesaler	8
Grocery wholesaler only	0
Total	100%

HOW HOUSEWARES ARE MERCHANDISED

Percent of Supermarkets Reporting Each Method

Separated in one department	0%
Cross-merchandised	7
Combination of separated and cross-merchandised	93
Total	100%

housewares mix significantly, it is making faster-moving merchandise more visible.

A clean look

Other stores are giving humdrum products a more sophisticated presentation, if not more space. Grand Union (Wayne, N.J.) and Stop & Shop (North Quincy, Mass.) are two chains that have adopted H & P Mayer's system of universal packaging for the company's "Cook's Tools" gadget line. The packaging, originally designed for department stores, gives a clean look to products that supermarkets have often merchandised haphazardly.

Sometimes simply offering more selection translates into more sales. At Bi-Lo (Mauldin, S.C.), increased attention to housewares resulted in a 15 percent sales increase over the past 12 months. Housewares, which contribute three percent to store sales, contribute seven percent of profits. "If we get into an area, we try and do a pretty good job on it," says Fil Acker, Bi-Lo's nonfoods merchandise manager. "You can't become a gourmet store, but rather than just throwing a few things out there, we're trying to do a good job with a good selection." Many merchandisers noted they were giving more space to microwave cookware, for example, and less to beverageware, which is fragile and occupies a lot of space.

Many of the merchandisers responding to the NONFOODS BUSINESS survey are devoting more space to general merchandise, and they are giving an average of 115 square feet to housewares.

Respondents to the survey also noted that supermarket shoppers now expect to find housewares in their stores more than they did in the past. Of those respondents who noted a change in shoppers' housewares buying habits over the past 12 months, all said shoppers seem more willing to purchase these items in supermarkets. As one nonfoods merchandiser put it, "They [shoppers] are starting to come in and look for the item, as opposed to buying it strictly on impulse."

Expanded selections

Traditional supermarket lines such as mops, brooms, brushes and kitchen gadgets still comprise the largest segments of respondents' housewares business. But most nonfoods merchandisers who answered the survey indicate that they have expanded their selections of microwave cookware, a product category that over the past decade has benefited from the growth of two-career households and the concomitant decrease in the amount of time available for food preparation.

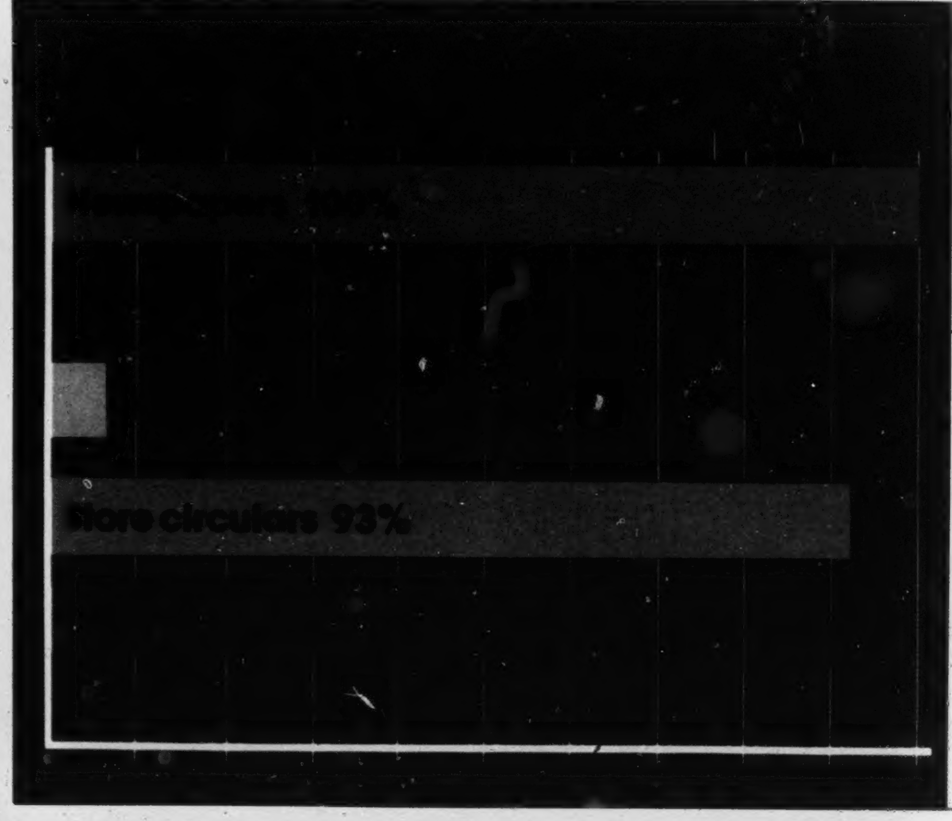
Nonfoods merchandisers also indicate they are attempting to trade their shoppers up to higher-ticket housewares, particularly more pricey gadgets and microwavable plastic storage items. Says Acker, "There's a tendency for people these days to look for more value. They might have bought a pizza cutter for $1.49 a couple of years ago that would tear up in six months. Now they want to buy something they can hang on to."

First National Supermarkets (Windsor Locks, Conn.) devotes between 72 and 120 linear feet to housewares in its super stores, having increased its offerings of Corelle and Visions bakeware, as well as small appliances, which the store usually offers on a "Your Choice" special for $9.99. Typical of many supermarkets, First National has added a lot of microwave cookware, primarily at the expense of glassware.

Emphasizing higher-ticket housewares, such as small appliances, quality kitchen

PROMOTION

As consumers become more and more accustomed to shopping for housewares in supermarkets, retailers are increasing their promotions of housewares. In 1988, over 90 percent of those supermarket promotions will be done through traditional newspaper and store circular advertisements.



HOUSEWARES' SHARE OF AD SPACE COMPARED TO SHARE OF SALES
(Percentage of Supermarkets Reporting)

Equal share	57%
Smaller share for housewares	43
Greater share for housewares	0
Total	100%

WILL HOUSEWARES PROMOTIONS BE INCREASED IN 1988?

Yes	79%
No	21
Total	100%

ARE CUSTOMERS NOW MORE WILLING TO PURCHASE HOUSEWARES IN SUPERMARKETS?

Yes	62%
No	38
Total	100%

HOUSEWARES SALES

With sales of housewares increasing and margins approaching 40 percent, many operators plan to increase the size and scope of their housewares departments.

Non Stick Broiler Pan
Non Stick Broiler Pan

Percent of Supermarkets Surveyed That Carry Housewares: 95%

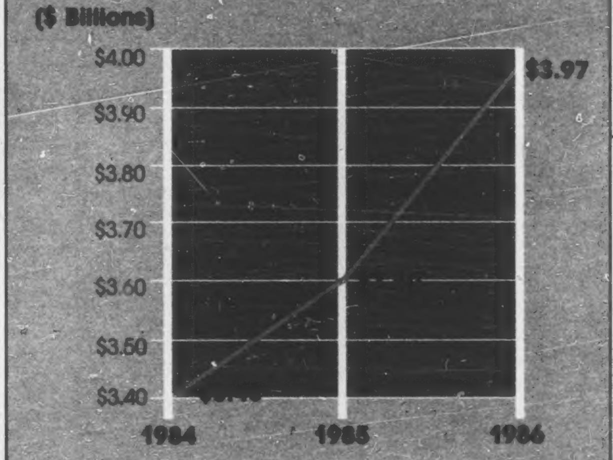
Average Weekly Sales for Housewares Department: $15,300

Supermarket Companies Planning to Increase Size of Housewares Department in Near Future: 64%

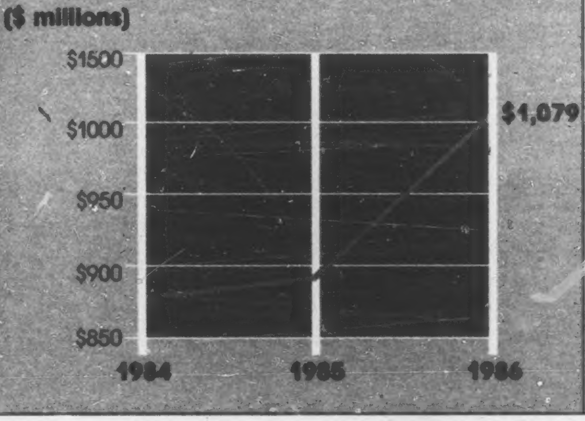
SIZE OF HOUSEWARES DEPARTMENT BY STORE FORMAT

Average (all stores)	115 square feet
Superstores	170
Super warehouse stores	188
Conventional stores	70

ANNUAL SALES IN SUPERMARKETS
(Kitchen Non-electric Categories)



ANNUAL SALES IN SUPERMARKETS
(All Housewares Categories)



HOUSEWARES' CONTRIBUTION TO STORE PROFITS

Mean **6.6%** Median **6.0%**

Percent of Store Profits	Percent of Stores Reporting
Less than 4% of profits	27%
4.0 - 6.0%	18
6.1 - 7.5	45
over 7.5%	10
Total	100%

HOUSEWARES' SHARE OF TOTAL STORE SALES

Mean **3.4%** Median **3.0%**

Percent of Total Store Sales	Percent of Stores Reporting
less than 2.5% of store sales	17%
2.5 - 2.9%	17
3.0 - 4.0%	42
4.0 - 5.0%	8
over 5.0%	16
Total	100%

CHANGES IN DOLLAR SALES
(Percent of Supermarkets Reporting Changes in Past 12 Months)

Higher dollar sales of housewares	100%
No change	0
Lower	0
Total	100%

Average reported sales increase
Mean **4.5%** Median **3.0%**

AVERAGE GROSS MARGIN FOR HOUSEWARES DEPARTMENT

Mean **38.6%** Median **37.0%**

Percent of Gross Margin	Percent of Stores Reporting
Less than 35%	36%
35 - 37%	14
38 - 40%	21
Over 40%	29
Total	100%

Supermarkets' share of the housewares market is just beginning to grow. Now seems like the time to give the category more attention.

There's no consensus on the best way to display housewares. Warehouse-type shelving, top, can provide as strong a presentation as slicker displays. The key is to keep the presentation clean and uncluttered.

gadgets and freezer-to-microwave storage items, requires some promotional activity. Selling a $10 microwave cookware set or a $20 coffeemaker is not the same as selling a 79-cent can opener, which is likely to be an impulse item picked off a j-hook in the beverage aisle.

If supermarkets are to compete with mass merchants for consumer housewares dollars, they must advertise higher-ticket items the same way a discounter would—in print; instore signage alone won't suffice if shoppers aren't already prepared to buy an item with that high a price. "Visions or a seven-piece cookware set—those I put in print," says Martin Lev, vice president of general merchandise at First National Supermarkets. "Housewares are in every one of our ads on a regular basis."

Newspaper ads

That comment is in keeping with the way supermarkets promote housewares, according to the survey. Every respondent advertises housewares in newspaper ads, and 93 percent said they advertise housewares in their instore circulars. Some 79 percent said they plan on increasing housewares promotional activity in the near future.

"The way we advertise is with heavy rebates," says Ralph Chiodo, director of general mer-

Continued on page 75

HEALTH & BEAUTY AIDS:
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 9/11/87	4 WEEKS ENDING 10/9/87	4 WEEKS ENDING 11/6/87
[illegible]	[illegible]	[illegible]	[illegible]
Baby Powders	− 9.7	−16.4	+ 7.0
Baby Oils, Creams & Lotions	+13.8	+13.2	+22.1
Infant Clothes	−32.0	−25.3	−24.5
Nursing Supplies	− 1.4	+ 2.5	+ 2.1
[illegible]	[illegible]	[illegible]	[illegible]
Sprays	− 2.5	− 1.2	− 6.2
Roll-Ons	− 6.7	− 0.2	+ 3.1
Stick Deodorants & Pads	+ 9.5	+14.5	+10.2
Creams	−13.6	−12.6	−11.0
Deodorants & Talcum Powders	+22.1	+15.5	+15.1
Feminine Hygiene Deodorants	+ 2.4	+ 3.3	+ 0.6
Foot Deodorants & Athlete's Foot Remedies	+ 3.4	− 1.5	+10.3
Feminine Douches	+ 6.9	+11.6	+ 9.5
[illegible]	[illegible]	[illegible]	[illegible]
Antiseptics	+ 7.5	+11.8	+ 5.4
First Aid Products	+ 0.2	− 0.4	+ 6.8
[illegible]	[illegible]	[illegible]	[illegible]
Shampoos	− 2.3	− 2.9	− 6.3
Hair Sprays	+12.2	+14.4	+20.0
Hair Conditioning Rinses	− 0.1	+ 0.5	− 0.6
Hair Setting Needs	+13.7	+ 9.0	+ 3.9
Home Permanent Kits	−19.5	− 7.7	− 9.7
Hair Coloring	− 2.5	− 4.8	− 4.4
Hair Dressing Needs	− 5.6	− 2.2	− 4.1
[illegible]	[illegible]	[illegible]	[illegible]
Toothpastes & Powders	+ 1.1	+ 0.1	− 3.3
Mouthwashes	+15.4	+10.5	+18.9
Breath Fresheners	− 3.1	− 1.7	− 2.2
Denture Cleaners	− 8.1	− 4.7	− 2.5
Denture Adhesives	− 3.8	+ 9.7	− 1.1
Toothbrushes	− 7.6	−11.0	− 3.1
Dental Aids	—	—	+27.1
[illegible]	[illegible]	[illegible]	[illegible]
Antacids	+ 2.9	+ 7.0	+ 2.3
Internal Analgesics	+ 1.9	+ 0.3	− 8.2
External Analgesics	− 0.4	+ 7.0	− 3.3
Cold Remedies	− 9.9	+ 6.7	+12.4
Nasal Sprays—Drops—Inhalers	− 3.7	+ 3.7	+ 9.3
Chest Rubs	−13.7	− 4.6	+ 1.8
Cough Remedies	− 6.4	+ 4.5	+ 4.3
Laxatives	− 0.6	+ 6.4	+ 2.0
Sleeping Aids	+ 4.9	+ 7.2	+16.2
Tranquilizers	− 5.6	− 0.4	+10.1
Synthetic Vitamins	+ 4.0	− 2.3	+ 3.5
Eye Care Products	+16.3	+19.0	+13.9
Appetite Suppressants	−18.7	− 1.6	+12.2
[illegible]	[illegible]	[illegible]	[illegible]
Shaving Creams	+ 2.1	+ 5.7	+ 4.7
Pre-Shave Lotions	− 5.0	+ 0.6	− 0.8
After-Shave Lotions	− 1.0	+ 1.2	− 3.0
Razor Blades	− 7.8	− 4.2	− 1.6
Razors & Blades	−24.5	−25.8	−11.4
[illegible]	[illegible]	[illegible]	[illegible]
Hand & Body Creams & Lotions	+14.3	+32.9	+22.7
Facial Preparations	−10.2	+ 1.0	− 4.7
Lip Care Products	+21.4	+38.5	+16.9
Suntan Lotions & Oils	+21.9	+10.1	+ 2.7
Cosmetic & Medicated Skin Aids	+11.8	+10.5	+ 6.2
[illegible]	[illegible]	[illegible]	[illegible]

HBA Products Fare Well Despite Stock Market Slide

Unit and dollar sales increases for HBA topped performance of all other product groups except refrigerated foods in latest period.

BY ALAN B. MILLER, JR.

Few students of historical trends in health and beauty aids (HBA) sales would have expected a downturn in the wake of the stock market crash on Oct. 19. HBA products remain in demand in the best and the worst of economic times. So it is not surprising that in the most recent 28-day SAMI reporting period, which ended Nov. 6 and includes the day the market plummeted over 500 points, there was no precipitous downturn in HBA sales. In fact, during this period the gain rates in all 52 HBA categories combined amount to 6.1 percent on dollar basis and 2.6 percent in tonnage.

HBA sales were so good that the category outperformed every other category tracked by SAMI except frozen foods. In dollars, the gain rate for HBA products exceeded the 5.3 percent increase for frozen foods. On a tonnage measurement basis, however, the 2.9 percent increase in refrigerated foods poundage was slightly higher than the 2.6 percent gain for HBA in units. Dry grocery nonfood items showed an increase of only 0.3 percent in units and 1.0 percent in dollars, while shelf-stable foods gained 1.2 percent in dollars and 0.5 percent in tonnage. The dollar gain for all five product departments combined came to 2.0 percent while the total, in units, reflected a four-week increase of 0.7 percent.

Strength across the board

The continuing strength in HBA sales was nearly unanimous at the product group level of measurement. The only negative was a fall of less than one-tenth of a percent in the shaving needs product group. There were three product groups with a four-week tonnage gain rate in excess of 5.0 percent: skin care aids (+12.9 percent), baby needs (+7.6 percent) and first aid products (+6.5 percent). The most modest gains were found among hair care needs (+1.1 percent) and oral hygiene (+1.3 percent). Four-week unit sales of deodorants advanced 4.6 percent, while the total for all categories of proprietary remedies combined was 1.6 percent higher than the level during the same period one year ago.

On a category measurement basis, the score was 31 increases, and 21 declines. The big gainers, with growth rates of 20 percent or more, were dental aids (+27.1 percent), baby oils, cream and lotions (+22.1 percent), hand & body creams/lotions (+22.7 percent) and hair sprays (+20.0 percent). There was a decline of 24.5 percent in the infant clothes category, but this is a relatively small category and the loss in units does not translate into a dramatic decline in dollars.

Whereas three of the four categories of baby needs show negative trends on a 52-week basis, the most recent four-week reporting period indicates three categories with gain rates and only one—the infant clothes category—continuing its downward plunge. The gain of 22.1 percent for baby oils, creams and lotions can be attributed, in part, to the new Baby Magic Rich N' Creamy introduction as well as strength for the established Baby Magic line. Private labels in this category are also enjoying positive trends compared to the same period a year ago. The 7.0 percent four-week gain among baby powders is in contrast to the loss rates of 3.7 percent for the year and the loss of 7.4 percent for the 12-week span ending Nov. 6. Volume for nursing supplies rose 2.1 percent in units, or slightly less than the gain rate in the preceding period.

Deodorants selling well

Out of eight categories of personal deodorants tracked by

SAMI UPDATE

SAMI, there were only two with losses for the four weeks: cream deodorants fell 11.0 percent and spray deodorants moved down 6.2 percent. The best gain rate in this product group was the 15.1 percent advance for deodorant and talcum powders and the double-digit increase for foot deodorants/pads (+ 10.3 percent). Rounding out the list of gainers in this product group were feminine douches/washes (+ 9.5 percent), roll-on deodorants (+ 3.1 percent) and feminine hygiene deodorants (+ 0.6 percent).

Sales were strong in both first aid categories. The 6.8 percent gain in four-week units among first aid products was nearly enough to erase the 52-week decline, which now stands at -0.1 percent. The gain rate of 5.4 percent in the first aid antiseptics category is less the gain in the preceding period (+ 11.8 percent) and is lower than the annual trend (+ 8.3 percent).

The trouble with mousse

The growth category that enabled hair care needs to register a four-week increase in unit sales was hair spray, where a gain of 20.0 percent exceeds both the 52-week average (+ 14.4 percent) and the 12-week trend (+ 15.5 percent). The only other hair care category with improved volume versus a year ago was hair setting needs. There, products other than hair styling mousse are recording gains that outpace the losses that are starting to appear in the mousse universe.

The most significant loss in the hair care needs product group is a 6.3 percent loss rate for shampoos, where important new product activity has faltered. The four week loss in shampoo volume amounts to a sales falloff of more than 1.3 million packages. The loss of 0.6 percent for hair conditioning rinses is less worrisome and this modest loss rate is consistent with the trend for both the year and most recent 12-week period—in both cases less than 1.0 percent. There were losses for all three spans of time in the case of home permanent kits, hair coloring and hair dressing needs, but for the product group there was a gain of 1.1 percent.

Oral hygiene is another product group in which the favorable trend has been dictated by strength among just two categories: mouthwash (+ 18.9 percent) and dental aids (+ 27.1 percent). Fortunately, the loss rates in the other five categories were modest in proportion: toothpaste and powder (-3.3 percent), toothbrushes (-3.1 percent), breath fresheners (-2.2 percent), denture cleaners (-2.5 percent) and denture adhesives (-1.1 percent). Looking at the full-year trends, there are two of these oral hygiene categories with declines: denture cleaners, showing a loss of 3.1 percent, and denture adhesives, down 1.3 percent.

Out of the 14 categories of proprietary remedies measured by SAMI there were only three with four-week losses: internal analgesics (-8.2 percent), natural vitamins/minerals/supplements (-8.4 percent) and external analgesics (- 3.3 percent). Five of these categories had double-digit gain rates for the four-week period: sleeping aids (+ 16.2 percent), eye care products (+ 13.9 percent), cold remedies (+ 12.4 percent) and tranquilizers (+ 10.1 percent on a tiny volume base).

All four of the cough and cold categories had increased volume. For the first time in several months, there was a plus sign next to the appetite suppressant category, which still has a 15.2 percent loss for the full year. Chest rub volume also showed a four-week increase as compared with losses for both 12 and 52 weeks. Gains of 2.0 percent and 3.5 percent respectively were recorded in the laxatives/stool softeners and synthetic vitamins categories.

Double-digit gainers

The improvement of 4.7 percent for shaving creams was not quite enough to erase the 28-day losses in the other four shaving needs categories and the product group ended up with a loss of 7,000 units. The highest loss rate was 11.4 percent for razors and blades. The only category of shaving needs with an annual rate of gain is shaving creams, which is ahead one-half of one percent. A dearth of important new products in the shaving needs sector is an important reason for the static sales situation that has persisted during recent months.

The product group with continuing double digit gain rates is skin care aids, ahead 11.4 percent for the year, 14.6 percent for the 12 weeks and 12.9 percent during the latest four-week period. For all three time spans, the only category in this product group with a negative trend is facial preparations, which have lost more than two million units in food stores on an annual basis. The strength of hand and body creams/lotions (+ 22.7 percent) and lip care products helps to keep this product group in the number-one spot in growth rate. ■

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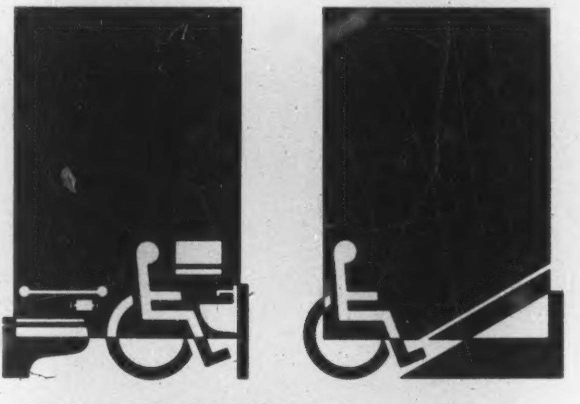

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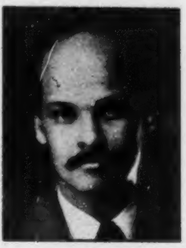
EXECUTIVE MOVES

Associations


Gary Gardner

American Health & Beauty Aids Institute (Chicago, Ill.) Gary Gardner has been elected Chairman; **Fred Luster Sr.** has been elected First Vice Chairman.

National Association of Service Merchandising (Chicago, Ill.) J.T. Anderson was elected Treasurer; **J.D. Erwin** was elected Vice Chairman; **Jay Gellerman** was elected Chairman of the Board of Directors; **Marvin Nadler** was elected Secretary.

Writing Instrument Manufacturers Association (Washington, D.C.) Ray E. Hannah has been elected President.

Manufacturers & Suppliers

Michael Luby

Fuji Photo Film U.S.A. Inc. (Elmsford, N.Y.) Mike Luby has been named National Accounts Manager; **Ronald Dubner** has been appointed National Food and Drug Sales Manager; **Thomas Shay** has been named Director of Corporate Communications; **Lonnie Whelchel** has been appointed National Sales Manager, Special Markets.

Freeman Cosmetic Corp. (Los Angeles, Calif.) Marshal Altman has been appointed Southwestern Regional Sales Manager; **Howard B. Graylin** has been named Western Regional Sales Manager; **Barbara Harris** has been appointed Public Relations Director.

Schering-Plough Corp. (Madison, N.J.) Billy J. Beal has been appointed Senior Director, Field Sales for Key Pharmaceuticals; **Robert F. Caspari, M.D.** has been named Senior Director, International Clinical Research for Schering Research; **Joseph C. Connors** has been appointed Staff Vice President and Deputy General Counsel; **Leonard J. Timpone** has been named Vice President, Research Administration and Personnel for Schering Research; **Gary C. Wilkerson** has been appointed Staff Vice President and Associate General Counsel, Consumer Operations.

Selfix Inc. (Chicago, Ill.) John Collins has been named Western Regional National Sales Manager; **Peter Graves** has been named Manager of Sales Administration; **Carol Rudolph** has resigned as Merchandising Manager; **Richard A. Schmidt** has resigned as Vice President, Marketing and Sales.

WD-40 Co. (San Diego, Calif.) Paul Thompsen has been named Vice President of Sales. ■

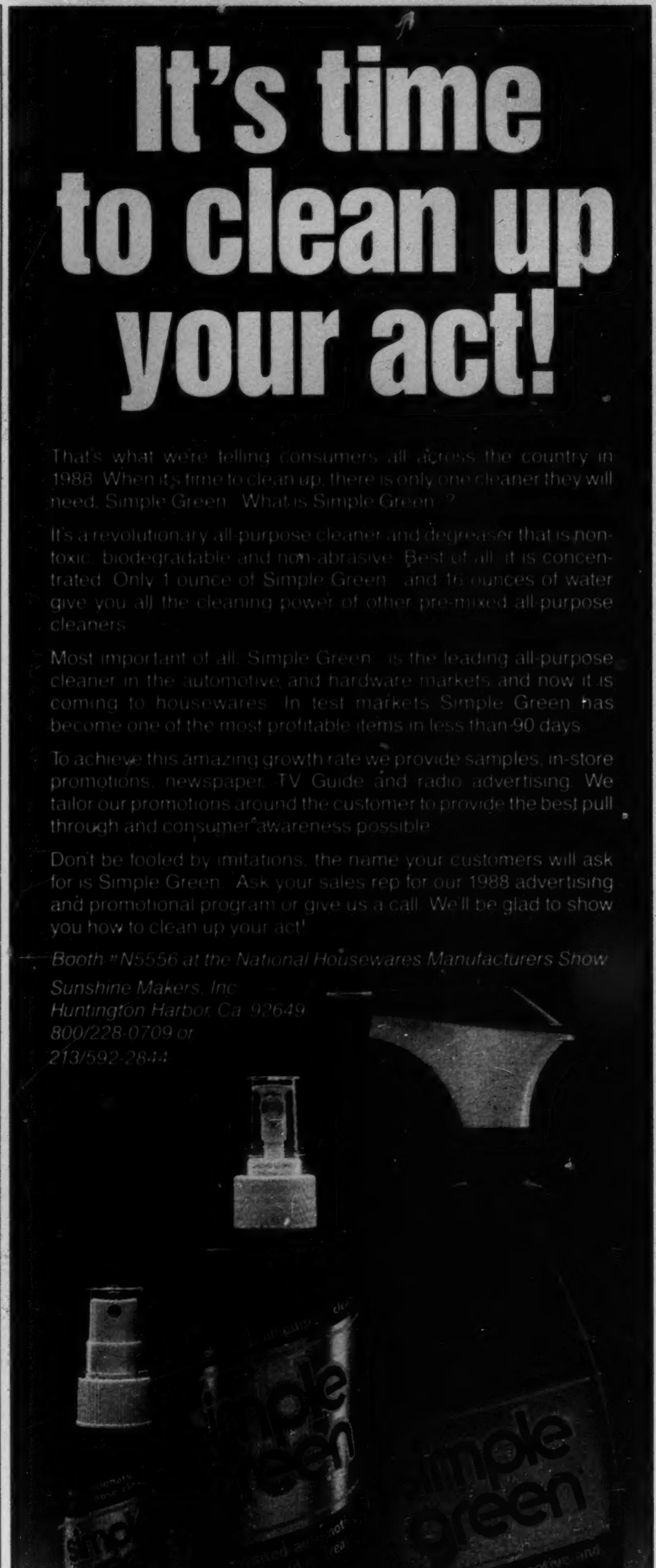
SURVEY

Continued from page 60

chandise at Super Fresh (Florence, N.J.) "We use newspapers and color rotogravures to show off coffeemakers."

Perhaps the strongest argument for adding more housewares to the store's mix is the category's contribution to store profits. While housewares contributed an average of only 3.4 percent of sales among respondents, the category contributed an average of 6.6 percent of profits. No fewer than 45 percent of the survey's respondents said housewares contributed between 6.1 and 7.5 percent of their total store profit.

As supermarkets continue to grow in size, housewares, especially now, offer opportunities to get more of the grocery shopper's business, rather than allowing the mass merchant to get it. "That's our goal," says Acker, "just as in health and beauty aids we're trying to prevent the customer from walking next door to the drug store. In many of our locations we're right next to a mass merchandiser as well. Although we can't offer the complete selection that they do, we think we can offer a good variety at good prices." ■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PART ONE
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VOLUME 43/ NUMBER 2
FEBRUARY 1988

Tomato Sauce
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Toward the Computerized Store

Space Management Systems That Can Do It All

SUPERMARKET BUSINESS

VOLUME 43
NUMBER 2

FEBRUARY 1988

PART ONE
OF TWO PARTS

TOWARD THE COMPUTERIZED STORE: SPACE MANAGEMENT SYSTEMS THAT CAN DO IT ALL/BOB HUGHES **25**

New computerized space management systems not only show how a section should look, they can also provide the details on why this or that arrangement of product will reduce out-of-stocks and provide a better return on investment.

PRODUCE: FLORAL SHOPS ARE MAKING PROFITS BLOOM **35**
DANIEL ELMAN

More supermarket retailers are realizing the profit potential that floral departments can provide. Once merely a modest adjunct to the produce department, today's floral sections are nothing to sneeze at.

VALUELAND FOODS HAS MORE THAN JUST A NEW NAME **45**
KEVIN COUPE

In order to compete in its rapidly changing New England market, Valueland Foods itself had to change, from a warehouse to a modified upscale kind of store.

INSTORE BUSINESS* OPPOSITE PAGE **48**
COOKING UP A TAKE-OUT TRADE/LESLIE GILBERT **4A**

In their ongoing efforts to capture the take-out dollar, more supermarket delis are offering a wider variety of microwavable, freshly prepared entrees.

IN MASSACHUSETTS, MAL'S MARKET GOES UPSCALE (SORT OF)/KEVIN COUPE **15A**

Mal's Market tripled in size in three years. Now, to go along with that growth, it has slowly begun to upgrade its image.

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*In selected editions only

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HOW NEW TECHNOLOGY IS CHANGING SHELF MANAGEMENT/DANIEL ELMAN **53**

New space management systems can provide merchandisers with more than just pretty pictures. They can also provide pretty profitable merchandising blueprints.

Rx FOR STRONGER PHARMACY SALES: MORE PERSONAL SERVICE/BOB DIETRICH **61**

A new survey shows who's shopping at those burgeoning supermarket pharmacies, and suggests a way to build a healthy customer base.

HOUSEWARES SHOW FEATURES THE WILD AND WOOLLY **71**
DANIEL ELMAN

The expo for new household products was also a showcase for the walking weird.

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DANIEL ELMAN

To keep dearly departed pets from getting under foot, a new company provides coffins for cats, dogs and other animal friends of the family.

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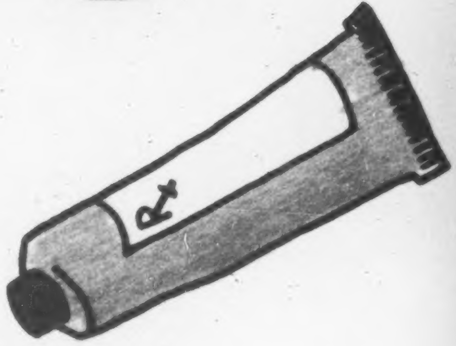
Rx FOR STRONGER PHARMACY SALES: MORE PERSONAL SERVICE

A new survey shows who's shopping at those burgeoning supermarket pharmacies and suggests some ways to build a healthy customer base.

BY BOB DIETRICH



If you have an urgent need to know the current priorities of supermarket store planners—don't ask. Just walk through the entrance of one of their newly opened prototypes and you'll find your answer.

Take, as an example, the Vons Pavilions stores that the Vons Grocery Cos. (El Monte, Calif.) is opening in the tremulous Los Angeles market. Planners have ceded leadoff positions in the traffic flow to video rental and pharmacy.

Obviously, the Vons planners have justified their choices on the basis of both current customer appeal and, more important, projected growth. These departments share one strong similarity—they not only bring the customer in, but they bring the customer *back in*, either to return the video or to pick up a prescription.

The service factor

What's more, both services foster that critical, across-the-counter contact with store personnel, which can help convert first-time customers into regulars. That's especially important when you consider that the pharmacy is the supermarket's direct connection to the single fastest-growing sector of the economy: health care.

Just how many pharmacies are there in U.S. supermarkets, who's patronizing them, and how much appeal do those instore pharmacies have compared to more traditional pharmacies?

The first part of the question was answered in SUPERMARKET BUSINESS's Census of Pharmacies (January 1987), which

WHERE CONSUMERS FILL PRESCRIPTIONS

Independent drug store	43%
Chain drug store	41
Supermarket pharmacy	6
Department store pharmacy	3
Don't know/no answer	7
Total	100%

EFFECT OF AGE AND REGION ON CHOICE OF PHARMACY

	Independent	Chain	Supermarket*	No Answer
BY AGE				
Under 30	36%	39%	15%	10%
30-39	38	46	9	7
40-54	41	45	6	8
55-64	50	36	9	5
65 and over	54	36	5	5
BY REGION				
Northeast	57	31	9	3
North Central	37	47	9	7
South	44	42	6	8
West	37	37	17	9

*Includes department stores.

counted approximately 3,150 supermarket pharmacies, in 10 percent of all supermarkets. As the pharmacies are necessarily located in larger outlets that can accommodate their average 380 square feet, the percent of total supermarket all-commodity volume (ACV) represented by stores with pharmacies is much greater.

Newly constructed supermarkets of various formats are usually vast enough to tuck a pharmacy comfortably into a corner, so it is reasonable to expect their incidence and influence to continue rising. This is especially likely as local regulations prohibiting pharmacies in supermarkets continue to erode, as recently occurred in Massachusetts with the passage of *laissez-faire* legislation for pharmacies.

Examining the patient

To justify their interest and investment in pharmacies, it's important (perhaps more so than for any other department) for supermarket executives to know who, demographically, the pharmacy customer is and how customers, or *patients*, as pharmacists prefer to call them, choose a pharmacy.

The results of a recent national survey of 2,000 representative consumers sponsored by Schering Laboratories provide an unprecedented insight into the relationship between the supermarket pharmacy and its patrons.

Among the participants in the survey who had recently had a new prescription filled, six percent said they had done so in a supermarket pharmacy, another three percent went to a pharmacy at a department store (such as K mart). The remaining business was almost equally divided between independent drugstores, which 43 percent of the participants had patronized recently, and chain drugstores, which 41 percent had patronized (see chart "Where Consumers Fill Prescriptions").

Among the many demographic factors the survey examined, two showed the greatest discrimination between those seeking a supermarket pharmacy and those making other choices: age and region.

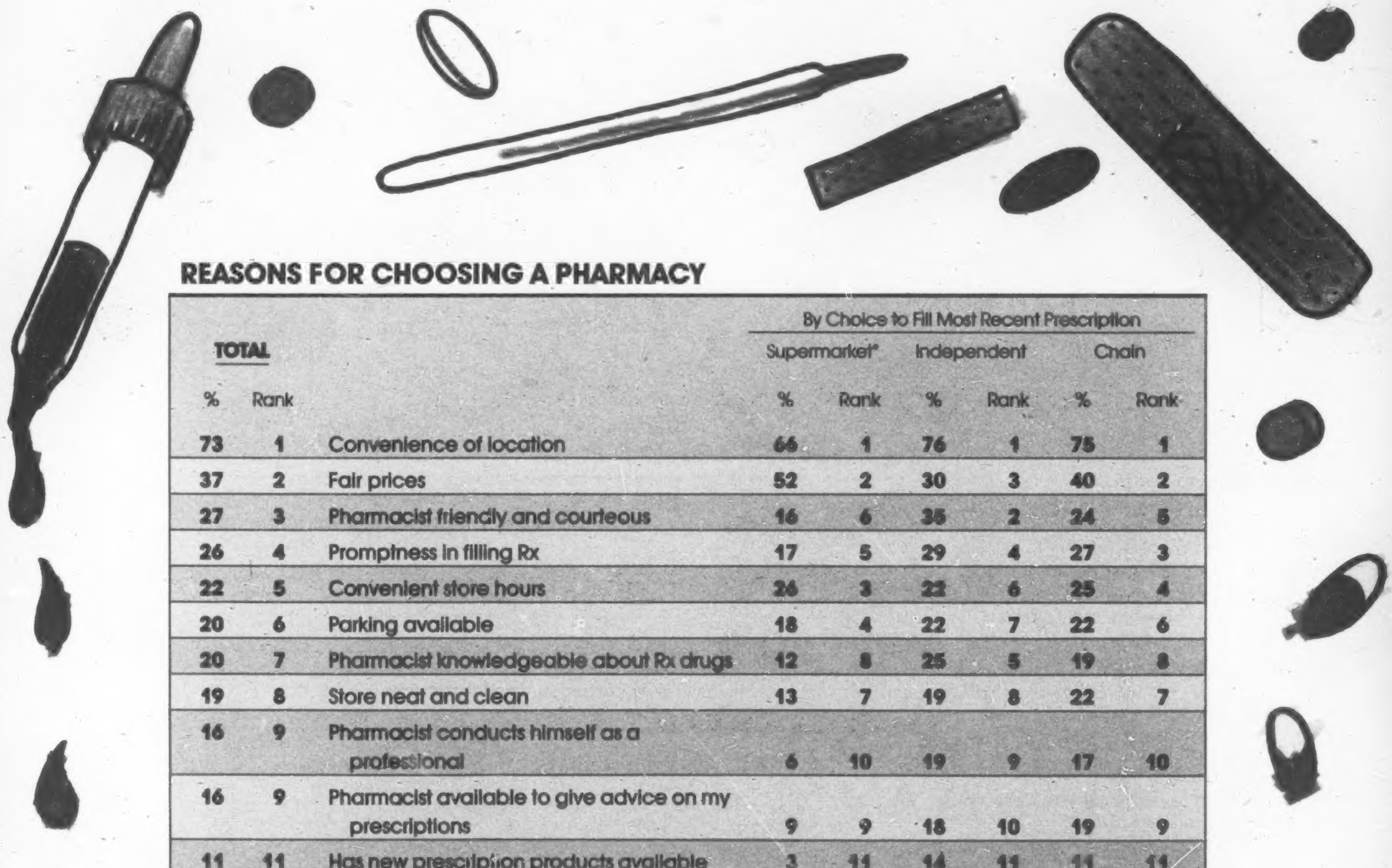
Younger prescription fillers, that is, those under 30, were three times as likely to take their prescription to the supermarket as were seniors 65 and over (see chart "Effect of Age and Region on Choice of Pharmacy").

One may surmise that those young enough to have started filling their own prescriptions in the last decade or so might find the supermarket as rational a place for doing so as for, say, buying a croissant or a pair of pantyhose.

Older patrons who came of age when a drugstore was a free standing enterprise with its own distinguishable persona (often including the sweet smell of chocolate syrup wafting over from the soda fountain) may be slower to cotton to the arrival of pharmacies under the supermarket roof. Obviously, it's in the enlightened self-interest of supermarket pharmacists to reach out to the store's older patrons and acquaint them with the professionalism of instore pharmacies.

Sheer availability of pharmacies in supermarkets in the western states may explain why 17 percent of those living in that region patronized a supermarket pharmacy when filling a prescription, a significantly higher incidence than in the other three regions. But we may also want to toss into the equation some measure of the West's willingness to experiment.

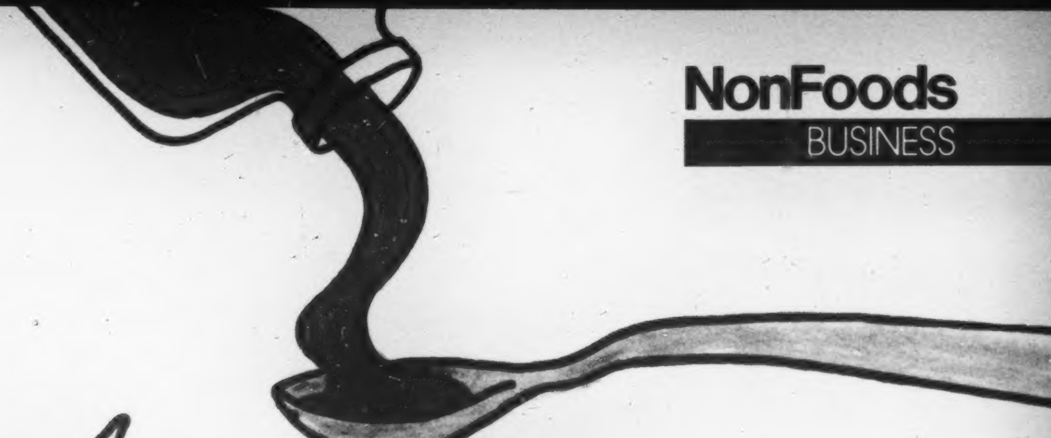
Other demographic determinants of behavior, such as sex, race and income reveal no clear cut patterns related to the use of supermarket pharmacies. The

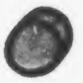


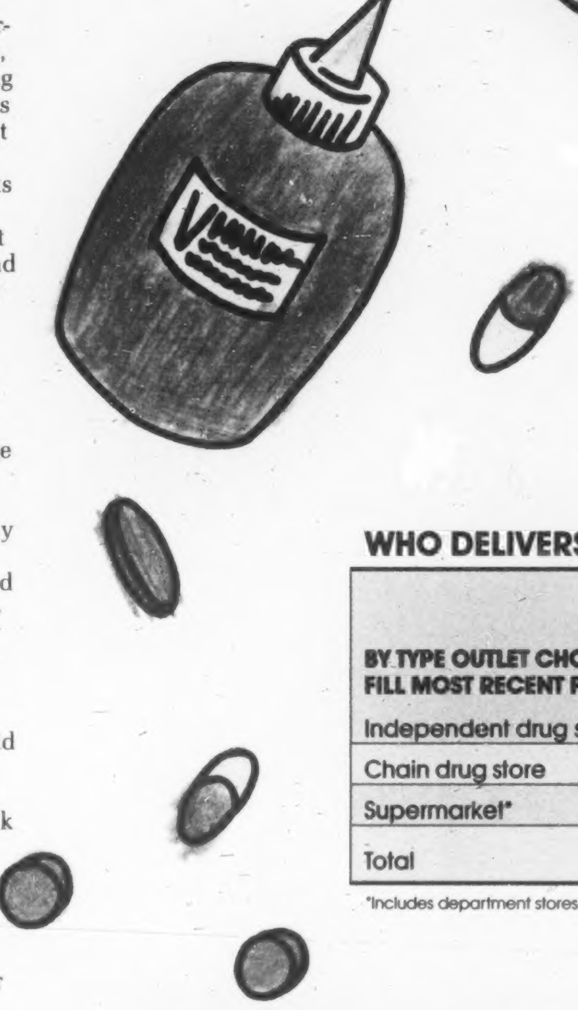
REASONS FOR CHOOSING A PHARMACY

TOTAL			By Choice to Fill Most Recent Prescription					
			Supermarket*		Independent		Chain	
%	Rank		%	Rank	%	Rank	%	Rank
73	1	Convenience of location	66	1	76	1	75	1
37	2	Fair prices	52	2	30	3	40	2
27	3	Pharmacist friendly and courteous	16	6	35	2	24	5
26	4	Promptness in filling Rx	17	5	29	4	27	3
22	5	Convenient store hours	26	3	22	6	25	4
20	6	Parking available	18	4	22	7	22	6
20	7	Pharmacist knowledgeable about Rx drugs	12	8	25	5	19	8
19	8	Store neat and clean	13	7	19	8	22	7
16	9	Pharmacist conducts himself as a professional	6	10	19	9	17	10
16	9	Pharmacist available to give advice on my prescriptions	9	9	18	10	19	9
11	11	Has new prescription products available	3	11	14	11	11	11
8	12	Delivery service	1	12	12	12	5	12

*Includes department stores.







CONSUMER LOYALTY TO PHARMACIES

Percentage of customers who report they always use the same pharmacy.

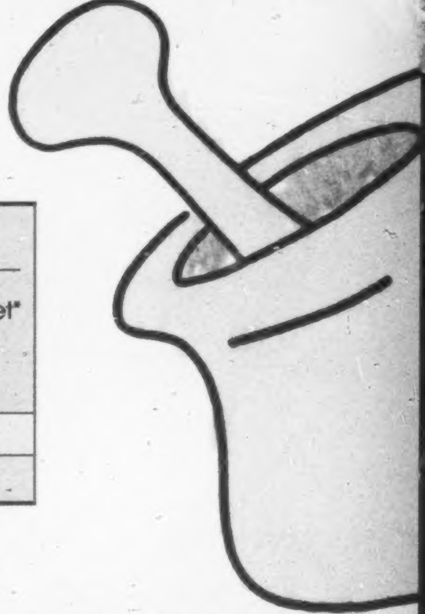
BY TYPE OUTLET CHOSEN TO FILL MOST RECENT PRESCRIPTION	
Independent drug store	90%
Chain drug store	84
Supermarket*	82
Total	86%

*Includes department stores.

WHO DELIVERS PRESCRIPTIONS TO CONSUMER

BY TYPE OUTLET CHOSEN TO FILL MOST RECENT PRESCRIPTION	Pharmacist	Clerk	Other	DK/NA
Independent drug store	60%	34%	5%	1%
Chain drug store	52	43	1	4
Supermarket*	60	40	—	—
Total	56%	38%	3%	3%

*Includes department stores.



INSTRUCTIONS FOR USE OF MEDICATION RECEIVED FROM PHARMACY PERSONNEL

	All Patients	By Type Outlet Chosen to Fill Most Recent Prescription		
RECEIVED INSTRUCTIONS ON:		Independent	Chain	Supermarket*
How often to take	41%	47%	34%	35%
How much to take/apply	43	52	36	34
How long to continue taking	36	43	29	27

*Includes department stores.

survey does show that what turns on a shopper who chooses a supermarket pharmacy can be quite different from what turns on someone opting for a chain or independent drugstore.

As in most surveys on preference among retail store outlets, convenience scored first among those asked (see chart "Reasons for Choosing a Pharmacy"). But as it's likely that most people can find various types of outlets within the same walking or driving distance, it's important to look beyond convenience and examine first those factors that are of greater importance to patrons of supermarket pharmacies than to patrons of other outlets.

The only factor cited by a substantially higher percentage of supermarket shoppers than other shoppers is fair prices. Price trails convenience by only 14 percentage points among supermarket patrons, compared to 35 points among chain drugstore customers and 46 points among independent drugstore customers. Some careful proselytizing by supermarkets among the price-sensitive could help draw new traffic.

Convenient store hours and availability of parking both rank *higher* among supermarket patrons, third and fourth, respectively, than among patrons of other pharmacies. This suggests that hours and parking can be strong hooks for supermarkets in attracting working women in search of one-stop shopping convenience.

Factors of less importance

Compared to those opting for an independent drugstore, those who chose a supermarket pharmacy placed less importance on the character of the pharmacist. Perceptions of pharmacists can be inferred from four of the factors shoppers cited in choosing a pharmacy:

☐ pharmacist is friendly and courteous,

☐ pharmacist is knowledgeable about prescription drugs,

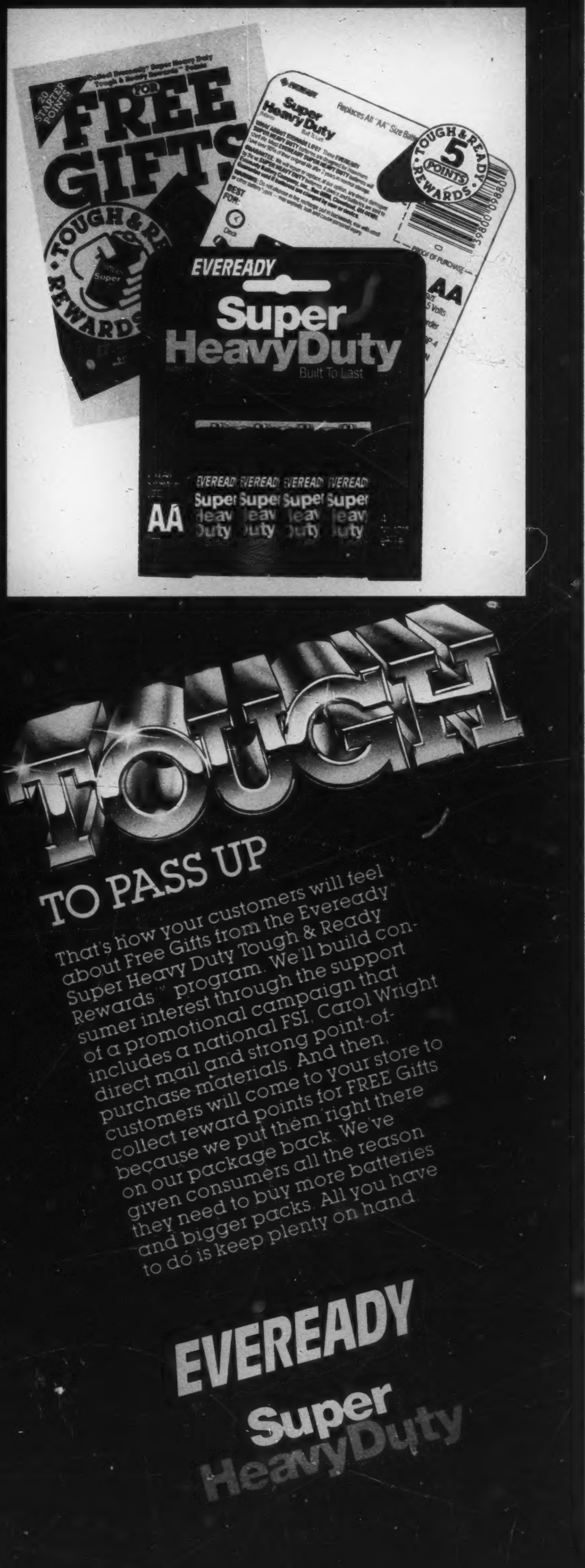
☐ pharmacist is available to give advice on prescriptions, and

☐ pharmacist conducts himself as a professional.

Fewer than half as many supermarket pharmacy patrons as those who used independent pharmacies named these reasons as important. Those using chain drugstore pharmacies placed more importance on these factors, but not as much as those patronizing independents.

Looked at one way, people who place scant significance in the person of the pharmacist (including his credentials, personality and performance) don't mind shopping at a supermarket pharmacy. Looking at the flip side, it appears that people who concentrate on the qualities of the pharmacist are more likely to fill their prescriptions somewhere other than in a supermarket. Supermarkets that want to lure more trade for their pharmacies from current patrons of other outlets might consider placing greater emphasis on the person at the heart of the department, rather than on its hardware.

Loyalty to a pharmacist seems the precursor to loyalty to a pharmacy, as the highly phar-



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EVEREADY
Super HeavyDuty

macist-conscious patrons of independent drugstores show the highest rate of loyalty to one pharmacy (see chart "Consumer Loyalty to Pharmacies"). Patrons of supermarket pharmacies confess the least loyalty.

The invisible pharmacist?

Supermarkets that decide to shine a brighter spotlight on the pharmacist himself appear to have a pretty good case to promote. Among those who had their most recent prescription filled in a supermarket pharmacy, 60 percent said that the pharmacist himself (rather than a clerk or someone else) gave them the prescription, a tie with that traditional bastion of service, the independent drugstore (see chart "Who Delivers Prescriptions to Consumer"). Chain drugstores trailed both at 52 percent.

The health care community is taking increasing notice of improper patient compliance (that is, when patients do not have their prescriptions filled, do not take the medication as directed, or do not have it refilled as indicated) and the negative effects of improper compliance of patients—effects that include poor health and even death. (In fact, this survey by Schering was designed to take the measure of, and help combat, the phenomenon.)

There are two authorities to whom patients look for advice on taking prescribed medications—the physician who prescribes the medication, and the pharmacist who fills the prescription. At the pharmacy level, pharmacists are more than twice as likely as clerks to give instructions to the patient when handing over the actual medication. Obviously it's in the best interests of both the supermarket pharmacist and his customers to take the time to hand over filled prescriptions personally, as much as time permits.

At present, supermarket pharmacies offer such advice as often as chain drugstores. About one-third of the time, consumers at supermarket pharmacies get instructions on how often to take the medication or on how much to take. One time in four, they get advice on how long to continue taking the drugs prescribed. Those patronizing independent drugstores get advice more frequently—about half the time.

Supermarket pharmacies are being assigned advantageous locations in large, high traffic new stores. To fulfill their potential they're obviously going to have to reach out beyond their younger, price-conscious constituency. The statistics in this survey suggest that the way to make that leap may well be building and promoting better pharmacist-patient relations. ■

WHERE THE NUMBERS COME FROM

Each year, as part of an ongoing program to explore the major issues affecting the pharmacy profession, Schering Laboratories, Kenilworth, N.J., sponsors a major research study. The copyrighted numbers presented here are based on the most recent study, "The Forgetful Patient: The High Cost of Improper Patient Compliance," and are made available to SUPERMARKET BUSINESS for this article. For further information about this report and other Schering Pharmacy Affairs programs, write to Jack Robbins, Ph.D., Director, Pharmacy Affairs, Schering Corp. Kenilworth, N.J. 07033.

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U.S. General Services Administration

SAMI UPDATE

All HBA Product Groups Share in Strong November Showing

Twenty-eight day unit sales advance paced by first aid, hair care needs and oral hygiene products.

BY ALAN B. MILLER, JR.

During the four weeks ending Dec. 4, 1987, total unit sales in all categories of health and beauty aids tracked by SAMI advanced 3.6 percent over the level in the same period a year ago. This increase was higher than the unit sales gain in any of the other four SAMI product departments and represented the highest growth rate since the 4.1 percent hike recorded back in March of 1987. The four-week gain in dollars amounted to 6.9 percent, an amount approached only by the 5.4 percent dollar growth among frozen foods. As the year was winding to a close, the annual increase in dollars for health and beauty aids stood at 5.2 percent.

Each of the eight product groups of health and beauty aids shared in the sales vitality for the department as a whole (see chart on page 69 for category figures). The leading contributor to the strength of the entire HBA universe had been skin care aids in recent months, but during the most recent four-week span, the highest rate of advance was found among first aid products (+6.4 percent), followed by hair care needs (+6.1 percent) and oral hygiene (+5.7 percent).

The growth rate for skin care aids this time around was just 3.7 percent, down substantially from the double-digit growth rates that have been prevailing. The smallest growth rates on a product group measurement basis was the +0.7 percent trend for baby needs.

As a result of the 11.5 percent improvement in the baby oils, cream and lotions category for the Dec. 4 reporting period, the sharp losses amounting to 12.1 percent for baby powders and 23.3 percent for infant clothes were erased in this product group as a whole.

As was true in the preceding period, there are two categories of personal deodorants that exhibit negative trends— sprays and creams, both of which continue to be cannibalized as a result of the continuing strength among sticks. As a result of new line extensions, unit volume of deodorant and talcum powders is showing continued expansion and the current four-week gain is a hearty 22.6 percent surge. There has also been a strong advance in the movement of foot deodorants and athlete's foot remedies and lesser gain rates for both feminine hygiene deodorants and douches and washes. The entire product group has improved 3.0 percent in unit sales on a 52-week basis, with stick deodorants and pads leading the way with a jump of 10.2 percent.

Both categories of first aid items are on the rise. The most recent four-week advance among first aid products (bandages, cotton swabs, gauze and the like) amounted to 5.9 percent and was enough to cause an annual gain rate for this category after a number of periods of losses. The 8.3 percent gain among first aid antiseptics was consistent with the 8.6 percent gain on a 12-week basis and the 7.8 percent upward trend for the full year.

Rebound in hair care

In the four-week period preceding this one, five categories in the hair care needs product group registered losses. In the December reporting period, there was only one category in the negative column— hair dressing needs, which showed a loss of 1.6 percent, but even this was an improvement over the 4.0 percent annual loss rate among these primarily male and ethnic hair-grooming products.

Consistent with recent trends, four-week sales of hair sprays remained vigorous,

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EVEREADY
Super HeavyDuty

SAMI UPDATE

jumping 18.7 percent in unit volume through food stores. The four categories of hair care needs that moved from red into black ink between periods were shampoo (plus 9,000 units or less than a tenth of a percent), hair conditioning rinses (up 7.5 percent contrasted with a small loss annually), home permanent kits (a gain of 0.1 percent versus a 52-week loss of 8.4 percent) and hair coloring (moving ahead 5.3 percent—a marked improvement over the loss rate of 4.4 percent in the preceding period). The product group, as a whole, gained 6.1 percent, its best performance of the year.

Oral hygiene gains

Four of the seven oral hygiene categories tracked by SAMI had four-week unit volume gains. The three that remain on the loss side of the ledger are denture cleaners (-2.9 percent), denture adhesives (-0.5 percent) and toothbrushes (-1.9 percent). Of these three only one category—toothbrushes—shows an annual rate of gain (+0.8 percent).

The hottest category in the oral hygiene group remains mouthwash, which benefits both from new anti-plaque product activity as well as new line extensions such as Scope's peppermint flavor. Toothpaste unit sales achieved a gain rate of 2.5 percent, which compares favorably with the loss of 0.3 percent for the most recent 12 weeks and a gain of only half a percentage point for the year.

Dental aids, which include floss and appliances such as Water Pik and Orapik, managed a 12.1 percent gain. The small volume breath freshener items were able to record a plus amounting to 3.2 percent for the four-week period. The 5.7 percent gain for the product group as a whole was its best performance during the entire 1987 year.

Out of the fourteen categories of proprietary remedies tracked by SAMI, there were only three with reduced unit movement during the December period. All three of these are related to cough and cold miseries: internal analgesics (-1.8 percent), chest rubs (-2.7 percent) and cough remedies (-3.1 percent). The other two categories of products for respiratory problems—cold remedies and nasal spray/drops/inhalers—were able to maintain positive trends of 1.8 percent and 5.3 percent respectively.

There were three categories of proprietary remedies registering advances in the double-digit range: sleeping aids (+19.9 percent), eye care products (+16.0 percent) and appetite suppressants (+10.0 percent). Vitamins, both synthetic (+5.0 percent) and natural, along with minerals and supplements (+2.8 percent) made forward progress as did laxatives and stool softeners (+5.3 percent). The growth in the entire product group, however, was only 1.1 percent because of the losses in such high-volume categories as internal analgesics and cold remedies.

Smooth shaving

For the first time in 1987, all five categories of shaving needs were ahead of four-week volume recorded a year ago. The only category in this universe with an annual gain rate, however, was shaving creams, with a 1.0 percent increase. Gains ranging from 3.0 to 4.0 percent were realized by pre-shave lotions, after shave lotions and razor blades. The gain for razor sets was only 0.1 percent.

The skin care needs product group gain was modest (+3.7 percent) in comparison with consistent performance earlier in the year. On an annual basis, the only category among the five tracked by SAMI with a negative trend was facial preparations (-6.7 percent). This category shows continuing weakness reflecting a loss of 4.3 percent for the four weeks.

For the first time in more than a year, there was a loss for lip care products, as volume for some of the Chapstick and Vaseline line extensions has stabilized. Category volume fell 4.4 percent during the month in marked contrast with the 12.0 percent hike in annual unit food store volume. The loss of 21.4 percent for suntan lotion/suntan oil is inconsequential since it comes during the November off-season period.

Continued on page 69

When it comes to topical pain relief stock Americaine®.

Americaine
stops the pain
and itching of minor cuts scrapes and burns.
Works fast with maximum strength benzocaine
Americaine
Americaine

For over 42 years hospitals and pharmacists have recommended Americaine topical anesthetic for cuts, scrapes, burns, insect bites and minor skin irritations. They've dispensed Americaine hemorrhoidal ointment for relief from the pain and itching of hemorrhoids. These health-care professionals know that Americaine contains 20% benzocaine pain reliever — no other topical anesthetic contains more. This history provides Americaine with a proven track record and a loyal customer base.

Now, Pharmacraft introduces Americaine to consumers, women 25-54, with a complete media program including national television, FSI and print. The Pennwalt Prescription sales force will detail Americaine to hospitals and pediatricians. The message is repeated in medical journal advertising.

Over 42 years of hospital heritage. Part of the growing first aid category. Excellent margins and allowances. When it comes to profitable topical pain relievers, stock Americaine.

Americaine®
Stops the pain.

PENNWALT CORP
PHARMACRAFT DIVISION
ROCHESTER NY 14623

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 10/9/87	4 WEEKS ENDING 11/6/87	4 WEEKS ENDING 12/4/87
BABY NEEDS	[illegible]	[illegible]	[illegible]
Baby Powders	−16.4	− 7.0	−12.1
Baby Oils, Creams & Lotions	+13.2	+22.1	+11.5
Infant Clothes	−25.3	−24.5	−23.3
Nursing Supplies	+ 2.5	+ 2.1	+ 1.7
DEODORANTS	[illegible]	[illegible]	[illegible]
Sprays	− 1.2	− 6.2	− 8.7
Roll-Ons	− 0.2	+ 3.1	+ 1.4
Stick Deodorants & Pads	+14.5	+10.2	+ 7.6
Creams	−12.6	−11.0	−13.5
Deodorants & Talcum Powders	+15.5	+15.1	+22.6
Feminine Hygiene Deodorants	+ 3.3	+ 0.6	+ 5.4
Foot Deodorants & Athlete's Foot Remedies	− 1.5	+10.3	+11.3
Feminine Douches	+11.6	+ 9.5	+ 6.1
FIRST AID	[illegible]	[illegible]	[illegible]
Antiseptics	+11.8	+ 5.4	+ 8.3
First Aid Products	− 0.4	+ 6.8	+ 5.9
HAIR CARE NEEDS	[illegible]	[illegible]	[illegible]
Shampoos	− 2.9	− 6.3	0.0
Hair Sprays	+14.4	+20.0	+18.7
Hair Conditioning Rinses	+ 0.5	− 0.6	+ 7.5
Hair Setting Needs	+ 9.0	+ 3.9	+ 7.8
Home Permanent Kits	− 7.7	− 9.7	+ 0.1
Hair Coloring	− 4.8	− 4.4	+ 5.3
Hair Dressing Needs	− 2.2	− 4.1	− 1.6
ORAL HYGIENE	[illegible]	[illegible]	[illegible]
Toothpastes & Powders	+ 0.1	− 3.3	+ 2.5
Mouthwashes	+10.5	+18.9	+25.0
Breath Fresheners	− 1.7	− 2.2	+ 3.2
Denture Cleaners	− 4.7	− 2.5	− 2.9
Denture Adhesives	+ 9.7	− 1.1	− 0.5
Toothbrushes	−11.0	− 3.1	− 1.9
Dental Aids	—	+27.1	+12.1
PROPRIETARY REMEDIES	[illegible]	[illegible]	[illegible]
Antacids	+ 7.0	+ 2.3	+ 2.7
Internal Analgesics	+ 0.3	− 8.2	− 1.8
External Analgesics	+ 7.0	− 3.3	+ 1.4
Cold Remedies	+ 6.7	+12.4	+ 1.8
Nasal Sprays—Drops—Inhalers	+ 3.7	+ 9.3	+ 5.3
Chest Rubs	− 4.6	+ 1.8	− 2.7
Cough Remedies	+ 4.5	+ 4.3	− 3.1
Laxatives	+ 6.4	+ 2.0	+ 5.3
Sleeping Aids	+ 7.2	+16.2	+19.9
Tranquilizers	− 0.4	+10.1	+ 2.5
Synthetic Vitamins	− 2.3	+ 3.5	+ 5.0
Eye Care Products	+19.0	+13.9	+16.0
Appetite Suppressants	− 1.6	+12.2	+10.0
SHAVING NEEDS	[illegible]	[illegible]	[illegible]
Shaving Creams	+ 5.7	+ 4.7	+ 9.3
Pre-Shave Lotions	+ 0.6	− 0.8	+ 3.6
After-Shave Lotions	+ 1.2	− 3.0	+ 3.1
Razor Blades	− 4.2	− 1.6	+ 3.0
Razors & Blades	−25.8	−11.4	+ 0.1
SKIN CARE AIDS	[illegible]	[illegible]	[illegible]
Hand & Body Creams & Lotions	+32.9	+22.7	+13.2
Facial Preparations	+ 1.0	− 4.7	− 4.3
Lip Care Products	+38.5	+16.9	− 4.4
Suntan Lotions & Oils	+10.1	+ 2.7	−21.4
Cosmetic & Medicated Skin Aids	+10.5	+ 6.2	+ 5.1
TOTAL ALL CATEGORIES	[illegible]	[illegible]	[illegible]

Allergy & Hay Fever Relief
☐ Nasal Congestion
☐ Headache Pain
New!
no drowsiness
allerest™
Nasal Decongestant
Non-Aspirin Pain Reliever
Tamper Resistant Feature: Tablets are sealed with Allerest imprinted backing. Do not use if torn or missing.
20 tablets

Introducing
No Drowsiness Allerest™

New No Drowsiness Allerest,™ the newest of the Allerest® line, answers consumer demand by relieving headache pain and congestion without causing drowsiness. Among the leading OTC brands, it's the only non-sedating product positioned exclusively for the relief of allergy symptoms. And when you add strong consumer promotion and national TV support, it will really wake up your profits.

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SUPERMARKET BUSINESS

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PART ONE
OF TWO PARTS

VOLUME 43/NUMBER 3
MARCH 1988

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3/9/88

INESS: BAKERY

Which Brands to Promote?

Key Can Be Category Mix of Single-Brand and Multi-Brand Users

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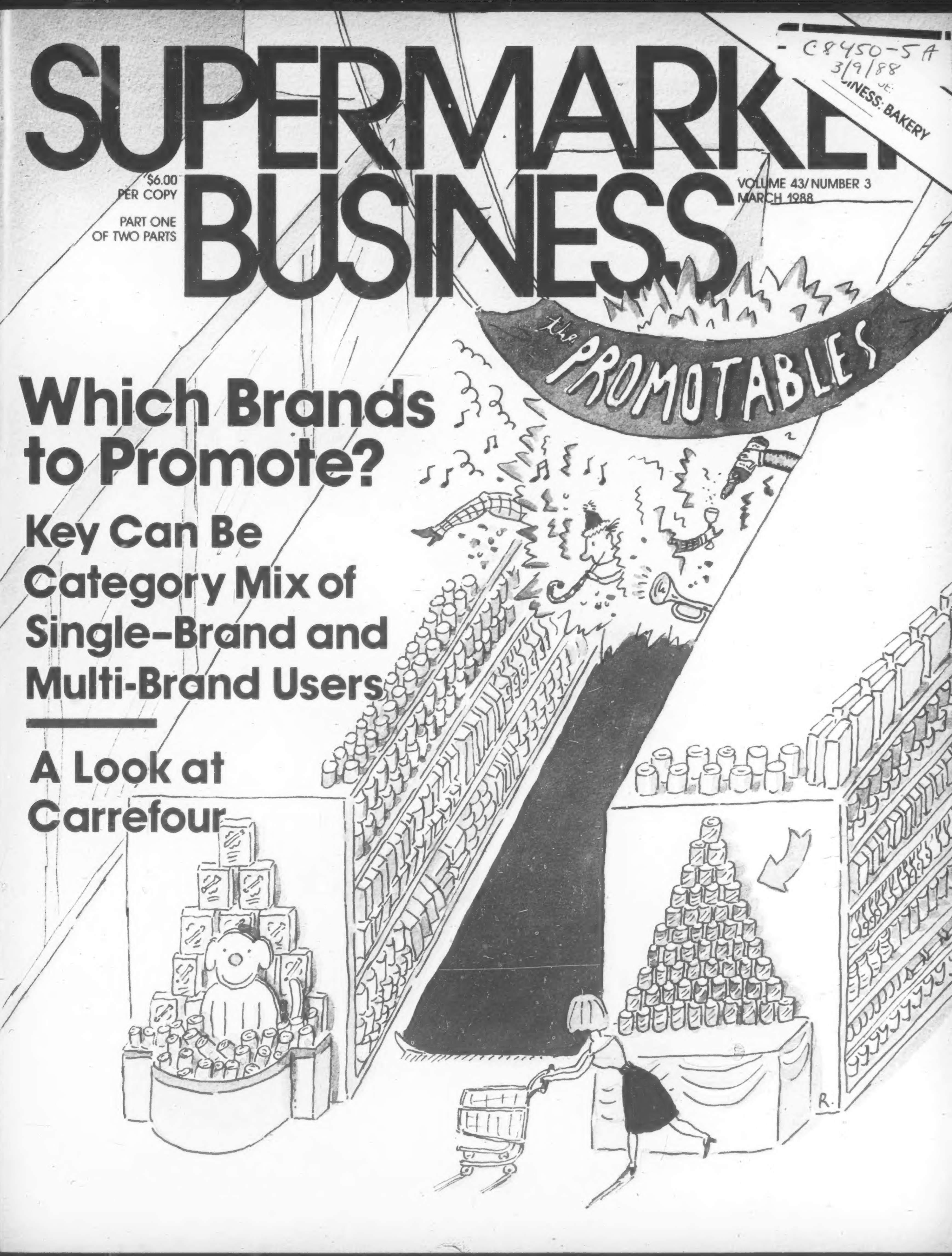
A Look at Carrefour



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Meat: **Kenneth Johnson**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **John Baskin**

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Phil Soran
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Fieldmark Media
7366 N. Lincoln
Lincolnwood, Ill. 60646
312-673-6737

WEST COAST:
Sue Marritt

Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
818-783-5888

FIELDMARK MEDIA
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
212-354-5169

PRESIDENT AND PUBLISHER:
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SUPERMARKET BUSINESS

VOLUME 43
NUMBER 3

MARCH 1988

PART ONE
OF TWO PARTS

CARREFOUR ROLLS INTO TOWN, BUT IS PHILADELPHIA READY FOR THE FRENCH BEHEMOTH?/BOB HUGHES **17**

Carrefour hopes that its strong perishables and sturdy, if deliberately limited, selection of nonfoods, will be the key to success.

CONSUMERS GET FRESH WITH LOCAL PRODUCE **23**
KEVIN COUPE

Retailers are finding that they often don't have to look farther than their own backyards for fruits and vegetables that will appeal to even the most discerning.

FIFTH ANNUAL PRODUCT PREFERENCE STUDY: THE PROMOTABLES/PREPARED BY ROBERT DIETRICH **31**

Some brand-name users would rather fight than switch brands, but in many categories, users tend toward multiple brands. The strength between brands and users by category is shown in this report prepared exclusively for SUPERMARKET BUSINESS.

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SIXTH ANNUAL OPERATIONS REVIEW/DAVID LITWAK **7A**

A look at how the instore retail bakery business is doing in such areas as profitability, product assortment, staffing, product preparation and presentation.

BRING ON THE BAGUETTES; CARREFOUR'S NEW BAKERY SCORES BIG WITH AUTHENTIC FRENCH BREAD/KEVIN COUPE **17A**

Carrefour's new Philadelphia hypermarket has an array of hyperactive service sections, but its bakery is on a somewhat slower track than the rest of the store.

IN HACKETTSTOWN, NEW JERSEY, SHOPRITE CREATES A NONFOODS HAVEN/DANIEL ELMAN **85**

In this ShopRite's new design, the nonfoods section is a virtual store within a store. But nonfoods also show up in some unlikely places around the store.

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CHECKOUT: IT DOES EVERYTHING BUT COOK THE MEAL **124**
DANIEL ELMAN

Cuisine Screen, a touch-screen video unit, gives shoppers 100 cooking demonstrations at their fingertips. It's not cheap, but it's a proven traffic puller.

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TRADESCAN

SB CONTEST WINNERS HAVE LUGGAGE, WILL TRAVEL

One glance at an industry events calendar will show that folks in the supermarket business are a peripatetic lot. Every month there are several far-flung conferences, conventions and seminars going on. So it wasn't surprising that January's four winners, who picked up six-piece Sir Bentley luggage sets, are all planning business or vacation travel sometime soon.

Winn-Dixie Greenville location manager Bob Mull is planning to attend a convention in New Orleans in May. Mull says he's been entering the contest "off and on since you started it. Maybe I've missed it two or three times all together." In addition to the contest, he says he enjoys keeping up with what stores in other market areas have been doing.

Sherry Hignite, a retail service administrator, has been with Laurel Grocery Company for two years. Her reaction to her contest win was, "I'm shocked, I've never won anything in my life." She says she enjoys the magazine's store features, Tradescan and New Products. She'll be off to a convention in Las Vegas in the near future.

Harry R. Cobasky, a store director with Arizona's Bashas' Markets, hadn't planned on winning the contest; he just hoped that his company's name would find a place on the list of winning entries. He not only succeeded in his goal, but will also have new luggage for his family's upcoming vacation to Yellowstone and the Grand Tetons.

Though Phyllis Beck, store accountant with Harris Teeter Supermarkets in Litchfield, S.C. has been reading the magazine for a year, she did not enter the contest until January, because "I thought only store managers were eligible." As it turned out, her first entry was a winner. She also has a vacation trip coming up later this year.

Those who take time out to try April's contest might pick up something to help them keep better track of time. Two winners will receive a man's or a lady's watch. April's contest is on page 123, following January's correct entries beginning on page 117.

ROTH YOUNG 1988 U.S. FOOD INDUSTRY SALARY OUTLOOK

SELECT JOB TITLES Supermarket	**PROJECTED U.S. 1988 MEDIAN SALARIES** (& Projected Low-High Range)	
President	**$187,000**	**($85-$351,000+)**
V.P. Division Manager	**$ 95,500**	**($65-$170,000)**
V.P. Director of Store Operations	**$ 85,800**	**($55-$155,000)**
Advertising Manager	**$ 61,100**	**($35-$ 89,000)**
Controller	**$ 52,300**	**($39-$ 75,000)**
District Manager	**$ 57,200**	**($39-$ 85,000)**
Training Director	**$ 49,900**	**($37-$ 62,000)**
Store Manager	**$ 48,400**	**($33-$ 68,000)**
Meat Merchandiser	**$ 46,400**	**($35-$ 67,000)**
Meat Buyer	**$ 42,700**	**($30-$ 57,000)**
Grocery Buyer	**$ 42,300**	**($30-$ 58,000)**
Bakery/Deli Buyer	**$ 41,200**	**($30-$ 57,000)**
Dairy Buyer	**$ 36,200**	**($25-$ 51,000)**

The highest-paid supermarket chain president in the U.S. will make more than $351,000 in 1988 ... while the lowest-paid will make $85,000.

That's according to a new study released by Roth Young Personnel Service. The median 1988 salary for a supermarket president is $187,000, the study reports (see chart).

The study was based on more than 850 requests for job candidates filed in Roth Young Personnel Service's 33 offices around the country.

Who will get a decent raise in 1988? Specialists working in service departments and managers of super stores, says Roth Young. If you're in this group, you can expect a pay raise of 10 percent or better.

If you aren't in this group, all is not lost— other supermarket workers can expect pay raises of four to seven percent.

But don't take it personally if you don't get the raise you think you deserve—tougher competition for the nation's food dollar and tighter profit margins are shrinking the pay-raise pool, the Roth Young study reports.

NEW YORK TO EXPAND 'SEAL OF QUALITY' PROGRAM

New York State's three-year-old "Seal of Quality" program is set to be expanded from apples, potatoes, onions and eggs to five or six other categories ... including dairy, processed foods and summer vegetables.

The "Seal of Quality" program consists of state inspections of shipments to New York supermarkets. It was begun to encourage local packers to put more effort into improving the quality of New York State's food products.

The program was prompted by consumer research revealing that many New York shoppers refused to buy locally grown commodities.

The "Seal of Quality" program's goal has been "to bring more packers up to a good level," says David Austin, chief marketing representative for the New York State Department of Agriculture and Markets.

A supermarket advisory committee, comprised of major New York State retailers, aids the Department in setting the program's quality standards. It also advises on advertising/promotional strategies to support the "Seal of Quality" program.

This year, advertising has been stepped up; and "commodity characters," pictured above, who will make personal appearances at supermarkets around the state, have been introduced.

NO FRILLS: THE THRILL IS GONE

Generic labels accounted for only 1.2 percent of retail dollars in food stores, according to SAMI/Burke Inc., the market research company which tracks over 470 grocery product categories.

This represents half the share that the products in the plain wrappers held at their peak in 1982 and a decline in annual sales level of $348 million dollars compared with the equivalent period in 1986.

One reason suggested for the decline was a drop in the number of food store chain and wholesaler warehouses distributing no-frills items. For example, in the 54 major markets monitored by SAMI, as many as 52 fewer warehouses were shipping generic light-duty detergents in 1987, as compared with the previous year.

Another reason for the fall-off, noted SAMI/Burke Senior Vice President Robert McCann, is the easing of inflation since the generics' early '80s heyday. "Now that the economy is generally healthy, some of the focus has shifted from low-price store brands to price-off coupons offered by advertised brands."

WHAT'S BLACK AND WHITE AND RECYCLED AT RALPHS?

At Ralphs (Compton, Calif.), you can now make money by saving trees.

The Southern California chain has added newspaper recycling to its present bottle and can recycling programs.

Customers can bring bundles of newspapers to the special recycling centers at 73 Ralphs and The Giant stores, and receive cash for their contribution.

Most of the centers are open 30 hours each week, Tuesday through Saturday.

LETTERS: ON WHENEVER'S CLEAR ADVANTAGE

We appreciate your recent coverage of Marcal's entry into the feminine hygiene category in the "On Marketing" section of the January 1988 issue of SUPERMARKET BUSINESS.

We would, however, like to correct the statement that the Whenever "line will take on a low-priced, brand quality position, which is the basic marketing strategy for Marcal paper products."

Unlike the Marcal paper products, which have a value positioning, new Whenever Thin maxi-pads and panty shields are positioned and priced as premium feminine hygiene products. They are a technologically advanced line of products competing in the growing "thins" segment of the market against other major premium brands.

The Whenever products combine a high level of performance with innovative packaging. Whenever led the category in the introduction of individually wrapped products in polybags instead of cartons. It remains the only product line packaged in a clear polybag. The clear outer bag provides outstanding shelf visibility and showcases Whenever's feminine colors and contemporary cosmetic design.

—Anne C. Chase
Director of Marketing
Marcal Paper Mills
Elmwood Park, N.J.

WASHINGTON BRIEF

JOHN BASKIN

Commerce Department Forecasts Uneven Growth in Retail Food Sales: Gains for Chains Seen

TRENDS AND FORECASTS: FOOD RETAILING
(in millions of dollars except where noted)

SALES	INDUSTRY DATA 1985	1986	1987[1]	1988[2]	PERCENT CHANGE 1985-86	1986-87[1]	1987-88[2]
All-food grocery stores	283,987	296,040	307,586	322,965	4.2	3.9	5.0
Chainstore groups[3]	158,217	164,634	171,549	180,298	4.1	4.2	5.1
Grocery stores	267,004	278,483	290,458	305,656	4.3	4.1	5.2
Chainstore groups[3]	155,649	161,812	168,770	177,884	4.0	4.3	5.4
Retail Bakeries	4,240	4,802	5,229	5,360	13.3	8.9	2.5
Other food grocery stores	12,743	12,755	11,899	11,949	0.1	−6.7	0.4

Source: U.S. Department of Commerce: Bureau of Census, Bureau of Economic Analysis, International Trade Administration [1] Estimate [2] Forecast [3] Companies which had 11 or more retail establishments.

Retail food stores will lose more and more of their share of the U.S. food dollar to restaurants during the next five years, according to predictions of U.S. Commerce Department economists.

"A slowly growing U.S. population, changing demographics and growing competition from the away-from-home food sector will pose significant problems for the food retailing industry," the economists said. In particular, they warned that grocers will probably face profit difficulties "and are expected to engage in spirited—and potentially costly—competition."

Short-range prospects, however, are more favorable. According to forecasters, food store retailers will increase sales five percent this year reaching $323 billion. Chain supermarkets will be the biggest gainers, with sales predicted to rise 5.4 to $178 billion.

Grocers are already looking for ways to improve their percentages against dining out spending, emphasizing retail store carry-outs and microwave meals. Even so, during the first six months of 1987, real consumer spending for foods and beverages to be eaten at home declined 2.9 percent, while spending in food-service outlets was up almost 4.7 percent.

Government economists estimated, however, that final totals for 1987 would show some growth in spending for "at-home" food (an estimated 1.7 percent) to $339 billion.

According to the Commerce Department, the growth was spread unevenly among the various food sectors. For example, shipments of red meat experienced a modest decline, while poultry consumption continued to climb. Moreover, the pattern is predicted to continue over the next five years.

"The rate of increase in poultry industry shipments will continue to outpace that of the red meat industry, but at a lesser rate than in the past," forecasters said. "Even so, poultry per capita consumption, as a percent of total meat consumption, will increase from 36 percent in 1987 to almost 40 percent by 1992."

During the same period, government experts expect a rise of up to 3.8 percent in shipments of processed fruit, vegetables and specialty items.

"The primary stimulus for new products in this sector is the microwave oven," explained researchers. They predicted that the percentage of American households with a microwave will increase from 60 percent in 1987 to 75 percent this year. One reason for the skyrocketing demand for microwaves: the growing number of one- and two-person households demanding "quick and easy-to-prepare" meals. According to the Commerce Department, one- and two-person homes will increase six percent to 60 percent by 1992. In addition, forecasters indicate that two-thirds of all women will be in the workforce by that time.

Dairy prospects are good

Based on the government findings, U.S. grocers will also sell lots of butter and other dairy products in coming years. Projections for 1988 show a "real" inflation-adjusted gain in butter shipments of 4.4 percent. Moreover, butter consumption may go even higher if consumers accept a new butter with half the calories of the traditional product which is being test marketed by the California Milk Advisory Board.

According to forecasters, long-term performance by the dairy industry will continue to improve, spurred by sales of premium ice cream that will allow the frozen dessert industry "to sprint ahead."

The increasing popularity of ice cream is expected to take its toll on candy and confectionery sales in the future.

"Over the next five years, because of shifting demographics and increased competition from other products, such as ice cream and snack foods, candy consumption is not likely to increase as much annually as has been the case," economists said. They predicted an inflation-adjusted increase of about 1 percent per year through 1992.

IBWA Urges New Water Bottling Rules

Proposing stricter regulations for the bottled water industry, the International Bottled Water Association (IBWA) called for new rules prohibiting the use of milk bottling equipment to bottle water.

In a petition to the Food and Drug Administration (FDA), IBWA said that the trend toward the use of milk bottling equipment in water bottling has become a major concern within the industry because of possible microbiological contamination from the practice. The association urged FDA to adopt a "dedicated equipment" regulation within its existing standards, which would prohibit the "unsound practice" of using milk bottling equipment to bottle water.

IBWA said that an outbreak of microbiological-related illness has already occurred in Texas, and "the desired health-protection effect is for water bottling equipment to be used for bottling only water as a means of preventing" this microbiological contamination.

The association's proposal includes all of the public health objectives set forth by Congress in the 1986 Federal Safe Drinking Water Act amendments, and according to IBWA, "helps protect the consumers' interest by expanding regulations to cover all types of bottled water products, including mineral water."

Other provisions in the association's proposal include facility inspections and labeling requirements for the bottled water industry.

To assure compliance with "good manufacturing procedures" and FDA bottled water safety standards, IBWA called "for mandatory annual inspections of all bottling facilities."

FTC Lifts Albertson's Ban

Chain is free to acquire other Calif. stores.

The Federal Trade Commission (FTC) set aside a 1981 order limiting the right of Albertson's, Inc., to acquire other retail grocery stores.

The order, which was scheduled to stay in effect until 1991, barred the Boise, Idaho, chain's California division from acquiring five or more stores within a 15-state area without prior FTC approval. The restrictions resulted from a 1978 complaint that Albertson's takeover of Fazio's, the California Division of Fisher Foods, Inc., was anticompetitive.

According to the Commission, the reversal reflects the FTC conclusion that "there no longer appears to be a trend toward concentration in the relevant market." Reviewing Albertson's request to set aside the order, antitrusters decided that it was "in the public interest" to set aside the order.

House to Consider Wage Subsidies

Legislation has been introduced in the House to rejuvenate the Targeted Jobs Tax Credit (TJTC) program of wage subsidies to employers of disadvantaged workers.

Currently, grocers and other employers may qualify for Federal tax credits of up to 40 percent of the first $6,000 in wages paid to a newly-hired welfare recipient or other "economically disadvantaged" workers.

These credits, which have been used extensively by supermarket chains and other retailers to reduce payroll costs. are scheduled to expire at the end of this year. The new legislation, introduced by Rep. Charles Rangel (D-N.Y.) would extend the TJTC program through 1991.

THE PROMOTABLES

Some brand-name users would rather fight than switch, but in many categories, users tend toward multiple brands. This study measures the strength between brands and users by category.

PREPARED BY ROBERT DIETRICH

In the world of packaged goods marketing, many believe the balance of power has been slowly shifting from consumer advertising (which pulls goods out of the supermarket) to manufacturer-sponsored promotion (which pushes goods out of the supermarket).

Fixated on the great green tide of promotional funds that manufacturers and processors are channeling their way, warehouse and store operators may inadvertently be devoting an ever smaller share of their efforts to their shoppers. Quite understandable, when they can realize a faster and easier payout by selling to their suppliers.

Selling to their suppliers? Yes, selling their weekly ad space, selling their end aisles and even, through slotting allotments, selling their shelf space before authorizing room there for new items.

On the plus side, this trend often gives shoppers the opportunity to purchase products they intended to buy (or were at least receptive to try) anyway, but at a cheaper-than-normal price.

NOTE TO READERS
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But there's a downside for the shopper too, to the degree that "bad" goods push out the "good." Not bad in quality, of course, but simply brands the shopper will not consider substituting for a favorite brand, even at a considerable savings.

One or many

The probability of price-driven promotions succeeding is related, as the numbers in this study demonstrate, to a simple but often overlooked factor: the relative incidence of two groups:

☐ **Multi-brand users.** These are people who regard the category as a commodity within which one brand is as good as any other. Price incentives wash them from one brand to the next.

☐ **One-brand users.** By definition, these loyalists know what they like, shop for what they like and find and buy what they like. Or else.

For the first time, this study reveals the dimension of the vast range represented by these groups by product category. For some categories the proportion of multi-brand users among the user population may climb to over half—even up to almost 80 percent in the case of cold breakfast cereals.

Categories that cluster at the high end of the range with an above average (greater than 30 percent) proportion of multi-brand users are designated in this report as "promotables." Brands in promotable categories are welcomed warmly by shoppers when they appear in a weekly store ad or piled high on an end-aisle display. These categories tend to be extremely price-sensitive, so canny promotion can literally move boxcars of product.

In contrast, many product categories have only a relative handful of multi-brand users, often users so loyal to one brand that they'd rather take flight (to another store) than switch (brands). We designate such categories "dependables" because they are made up of brands that have established a unique brand franchise with shoppers and can therefore be depended on to sell consistently. They don't need frenzied deep-price-cut specials to move them. They're always moving because their loyalists are always looking for them.

Unlike the promotables, the dependables do not require or greatly benefit from coveted end-aisle exposure. What dependables *do* need is the assurance of adequate shelf space and protection from out-of-stocks. In return, these products provide both satisfied shoppers who can find what they're looking for and a pool of brands that sell every day and do so at everyday prices.

(Note: Several tables in this report show rankings of product categories that reflect their relative promotability. The large table ("Ranking of Multi-Brand Users," page 34) ranks 192 dry grocery, frozen and dairy category products used by female homemakers. A second table ranks 36 candy, tobacco, soft drink and beer products used by adults.

Counting by category

The inter-relationship between brand loyalty and promotability potential has, of course, long been recognized. The purpose of this report is to document it on a category-by-category basis to help readers formulate their merchandising strategies more profitably.

Formulating the data in this unprecedented way was made possible by exclusive access to the databank of Mediamark Research Inc. This SUPERMARKET BUSINESS study is based on custom-designed tabulations from MRI's database of over 20,000 consumers projected to the total U.S. population.

Demographics count

Distinguishing between promotable and dependable product categories can provide a big boost to the payout from instore promotion resources. Even greater insight and efficiency can be derived from a study of how demographics affect the incidence of multi-brand purchase by product category.

To that end, the detailed tables that comprise the bulk of this report show not only the overall incidence of multi-brand users by product category, but how—by seven demographic characteristics, including region, age and income—subgroups vary from the norm.

This is concrete, usable information that you can match to the demographic mix of your store's customer base. For example, higher-income users show an above-average propensity toward multi-brand usage of instant coffee, but the same higher-income users are reluctant to use more than one brand of ketchup or oven cleaner. Stores with an above-average proportion of such customers should adjust their merchandising weights accordingly.

This study does not purport to be a handbook from which definitive plans can be made on which categories to promote. But it can be a valuable guide for decision-making in that area based on proven patterns of consumer behavior.

SOME DEFINITIONS

Product usage: For each product category, the questionnaire defines the time period that is relevant. Usage may cover as little as the most recent seven days for a high-frequency product, or as much as six months or a year, for low-frequency products.

Heavy usage: For each product category, users are arrayed into heavy, medium and light users, according to the frequency with which they used the product in the relevant period. While accounting for a minority of users, heavy users usually account for a majority of product "tonnage."

Multi-brand user: A user who reports using more than one brand of the category in the reporting period.

One-brand user: A user who reports using only one brand of the category in the reporting period.

Adults: Age 18 and over. Adults comprise the base for products purchased for personal use by both men and women.

Men/Women: Age 18 and over. Used as the base primarily for health and beauty aids products used by only one sex.

Female homemakers: The homemaker is the person designated as the one who does most of the shopping for groceries and household items. Products purchased for the household are based on female homemakers. (Mediamark also collects data on usage by male homemakers.)

WHERE THE NUMBERS COME FROM

The formulation of effective marketing, advertising and media decisions is dependent on access to data about consumers on a product-by-product basis. The source of such data is frequently the same as the source for the statistics in this study—Mediamark Research Inc. (MRI), New York.

The Mediamark sample, whose respondents participate in both personal and self-administered surveys, consists of over 20,000 individuals per year. Data are gathered on over 450 product and service categories, 1900 product types and 5700 individual brands.

The statistics presented in this study are not published as part of the standard Mediamark survey, but were tabulated specially for SUPERMARKET BUSINESS. While MRI subscribers most often use the data as input for marketing decisions involving brands for which they are responsible, the database has obvious potential for making decisions right down to the supermarket aisle level.

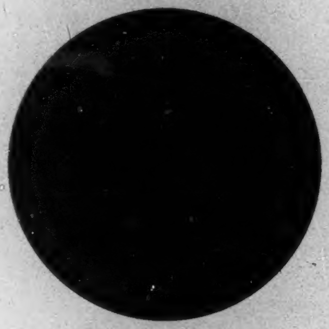
"Ranking multi-brand users the way this report does, and then cross-ruffing it by demographics to see what it means at the store level is something new," says Sylvia Cassel, senior vice president of administration for Mediamark, "but it's hardly surprising. Our subscribers are always finding new ways to interrelate our data to help solve marketing problems."

To help encourage further investigation of the problem-solving potential of the Mediamark database, MRI has recently published "Winning the Marketing Game," which describes how interrelating data on product category and brand usage with data on media habits can impart a competitive edge to marketing strategists.

To obtain a copy of "Winning the Marketing Game," or to find out more about the categories mentioned in this report, or about Mediamark services in general, contact Sylvia Cassel, senior vice president, administration, Mediamark Research Inc., 341 Madison Ave., New York, N.Y. 10017. (Tel.: (212) 599-0444)

HOW TO TARGET

... FOR PROMOTABLES



Product categories with a high incidence of MULTI-BRAND USERS provide the potential for aggressive pricing and merchandising policies to pay off, in a climate of below-average brand loyalty.

Many experiments have been conducted to evaluate the weight that various controllable factors bring to bear on the relative success of instore merchandising efforts.

Signs? Size of display? Location in traffic flow? Ad tie-in? Coupon tie-in? End-aisle versus on-shelf? What role does each play in partnership with that most pivotal factor—price?

Another, somewhat obvious, factor makes a significant contribution to the promotability of a product, as the figures for this study suggest. And that's simply the incidence of multi-brand usage for a given product category.

In categories where multi-brand usage is high, brand loyalty is, as logic dictates, low. Therefore, consumers are more responsive to promotions for brands other than the one they customarily buy or use. So we tag such categories as "promotables."

The table showing how 193 categories rank in multi-brand usage (see "Ranking of Multi-Brand Users—Female Homemakers") is headed by cold breakfast cereals. Over 78 percent of female homemakers said their household consumed more than one brand in a recent survey period. (Among heavy users, that most coveted group of consumers who traditionally count for the majority of product tonnage, an even higher 94.1

YOUR STORE'S MERCHANDISING STRATEGY . . .

percent report multiple brand usage.)

A quick scan of the product categories near the top of the list, suggests that every aisle of dry grocery contributes its share of promotables. So, too, do the frozens and dairy cases.

Opening the cupboards of many households would reveal a multi-brand choice among such heavily merchandised product categories as cookies, crackers, laundry detergents, salad dressings, dry cake mixes and packaged dinner mixes.

None of these categories is neglected in the merchandising and advertising programs of most retailers, fueled as they are by a constant stream of incentives both to stores (in the form of merchandising allowances) and to consumers (in the form of cents-off coupons).

Considering just the top third of the list, merchandising management might glean some comparatively overlooked opportunities in categories where consumers are receptive to alternative-brand purchases but are rarely confronted with merchandising incentives.

Categories ranging from dog biscuits and treats to disposable diapers to household cleaners are all prominent promotables that might be worked into the merchandising rotation more frequently to customer approval. Frozens are a particularly ripe segment, with, for example, 47.9 percent of users of frozen main courses and 68.3 percent of heavy users reporting multiple brand usage.

A second table ranks multiple brand usage of dry grocery products by adults (see "Ranking of Multi-Brand Users—Adults"). Such high tonnage categories as beer and soft drinks share the top of the promotability list with candy bars and wine coolers. But no tobacco products exhibit above-average promotability in supermarkets.

The simple story these lists tell is that the payout on scarce and valuable merchandising space, either in a store or in an advertisement, can be maximized by assigning it to products in categories where users show the highest willingness to react— that is, buy—when confronted with effective merchandising.

Promoting the promotables will pay off.

HOW TO TARGET . . .

WHERE CUSTOMER BEHAVIOR DIFFERS

THE PROMOTABLES		THE DEPENDABLES
High	**PRICE SENSITIVITY**	Low
Low	**BRAND LOYALTY**	High
High	**COUPON CRAZY**	Low
Low	**RELUCTANT TO SUBSTITUTE FOR OUT-OF-STOCKS**	High
High	**OPEN TO NEW PRODUCTS**	Low
Neutral	**EMBRACE LINE EXTENSIONS OF FAVORITE BRANDS**	High
Low	**HIGH STORE LOYALTY VIS-A-VIS BRAND LOYALTY**	High
High	**OPEN TO PRIVATE LABELS**	Low
High	**STOCK UP ON FAVORITE BRAND WHEN ON PRICE SPECIAL**	Higher
High	**WILLING TO SWITCH BRANDS ON WEEKLY SPECIAL**	Low

. . .FOR DEPENDABLES

Categories whose constituency is defined by high incidence of ONE-BRAND USERS (i.e. few MULTI-BRAND USERS) demand rigid stocking policies to assure that the brand-loyal stay store-loyal as well.

The universal credo of the price-conscious, bargain-hungry shopper is assumed to be, "I buy what's on sale." But it's not always so. And retailers who assume that may be mis-allocating precious merchandising resources.

Brand loyalty still lives, as evinced by the low incidence of multi-brand usage for several dozen product categories. The table ranking propensity of homemaker-users to use more than one brand shows several dozen categories in which fewer than 20 percent buy more than one brand.

Flipping the coin, that means that for these categories, 80 percent of consumer-users are relatively unlikely to buy other than their regular brand no matter how high the end aisle display is stocked with another brand. Such categories are made up of brands whose proven franchise is protected by the consumer brand bond of loyalty. In contrast to the promotables, we call them the "dependables."

For some dependable categories, the leading brand or brands may virtually "own" the category; some invented the category and are so associated with it that in the consumer's mind, substitution is virtually unthinkable. Some examples might include canned stew, waxed paper, baby shampoo, baking coconut, cream cheese, English muffins and disposable cups.

Looking at the ranking of multi-brand usage on the table for adult users of dry grocery products reveals that relatively few consumers will stray from their favorite brand of cigarettes, hard roll candy, vermouth or malt liquor.

Because consumers of these products are reluctant to switch products or sample other brands, does this mean dependables should be banished from a store's promotional mix?

No way. When your ad announces a price break on dependable brands, this can prove an incentive for shoppers to make a special visit to your store. In the course of shopping to stock up on their favorite brand, most consumers will shop the rest of the store and fill their carts with everyday-priced items.

More important than the influence of the dependables on merchandising policies is their influence on stocking policies. When customers with a dependable product on their shopping list search the shelf space for that category and do not find their brand, what happens?

First of all, they're disappointed. If you don't stock—or are out of stock—of their favorite brand of, say canned hash, to them you don't even carry canned hash. Their brand is canned hash to them.

Naturally no store can carry every brand, even for strongly identified dependable categories. But it is critical to find out which brands are most in demand within these categories, make sure they're authorized at the warehouse and then given adequate shelf positions.

In addition, special attention should be given to evaluating how many items (size, flavor, etc.) within the brand should be stocked to satisfy loyalists. With their built-in audiences, these dependable category brands carry extra insurance that new products emanating from line extensions will be successful. Therefore, extra weight should be given in favoring their authorization.

Satisfying one-brand users through adequate stocking and reasonable promotion of their brands can help build and maintain a traffic flow of store-loyal, brand-loyal customers.

RANKING OF MULTI-BRAND USERS—ADULTS (DRY GROCERY)

	All Users	Heavy Users
1. Candy bars, reg. size, individual*	**73.0%**	**89.7%**
2. Candy, big block/thick bar, individual	**54.9**	**74.3**
3. Soft drinks, reg. (not cola)	**47.9**	**52.1**
4. Beer, imported	**41.0**	**40.7**
5. Cola drinks, regular*	**39.9**	**49.4**
6. Beer, regular, domestic*	**39.2**	**42.0**
7. Cola drinks, diet*	**38.8**	**45.1**
8. Candy, pre-packaged loose	**38.2**	**54.2**
9. Chewing gum*	**38.1**	**41.0**
10. Wine coolers*	**36.6**	**45.0**
11. Candy, big block/thick bar, individual	**32.9**	**54.0**
12. Beer, low-calorie	**32.8**	**31.5**
13. Soft drinks, diet (not cola)	**32.4**	**37.6**
14. Wine, domestic, dinner/table	**32.3**	**34.4**
15. Wine, imported, dinner/table	**29.2**	**29.5**
16. Cough drops	**26.8**	**33.1**
17. Mints	**26.5**	**31.3**
18. Wine, sparkling/cold duck/champagne	**23.8**	**35.0**
19. Nuts, snack	**20.3**	**33.8**
20. Cigarettes*	**20.0**	**26.5**
21. Wine, party/pop/sangria	**18.9**	**27.2**
22. Ale	**18.2**	**20.7**
23. Wine, dessert/port/sherry	**17.6**	**24.9**
24. Artificial sweeteners	**15.9**	**24.1**
25. Malt liquor	**15.4**	**12.7**
26. Beer, no-alcohol	**13.9**	**8.5**
27. Disposable lighters	**13.8**	**23.3**
28. Water, bottled	**13.8**	**14.5**
29. Cigars[1]	**13.2**	**13.4**
30. Chewing/smokeless tobacco[1]	**13.0**	**12.8**
31. Vermouth	**11.2**	**15.8**
32. Beer, low-alcohol	**11.1**	**12.0**
33. Pipe tobacco[1]	**9.8**	**6.2**
34. Wine, aperitif/specialty	**7.9**	**14.7**
35. Cigarillos, little cigars	**7.4**	**2.7**
36. Hard roll candy	**5.2**	**9.5**

RANKING OF MULTI-BRAND USERS—FEMALE HOMEMAKERS (DRY GROCERY—FROZENS—DAIRY)

	All Users	Heavy Users
1. Breakfast cereals, cold*	**78.3%**	**94.1%**
2. Household cleaners	**77.2**	**96.5**
3. Vegetables, canned/jarred	**63.9**	**79.7**
4. BBq/seasoning sauces, bottled	**59.8**	**85.1**
5. Crackers	**56.7**	**82.1**
6. Breakfast/snack/nutritional bars*	**56.5**	**70.0**
7. Soup, dry mix/boullion cubes	**55.5**	**78.0**
8. Seasonings/spices	**55.3**	**85.1**
9. Fruit, canned/jarred*	**53.2**	**76.0**
10. Cookies, ready-to-eat*	**52.7**	**75.3**
11. Cheese snacks	**51.8**	**76.7**
12. Corn/tortilla chips & cheese snacks*	**51.8**	**75.5**
13. Fruit juices/drinks, canned	**51.0**	**71.0**
14. Frozen snacks	**49.9**	**69.7**
15. Salad dressing	**48.8**	**69.4**
16. Frozen desserts	**48.4**	**68.4**
17. Frozen main courses*	**47.9**	**68.3**
18. Bread	**47.8**	**59.9**
19. Laundry detergents*	**47.0**	**55.9**
20. Cake mixes, dry*	**45.0**	**67.3**
21. Pasta, packaged*	**44.9**	**57.6**
22. Mexican foods	**43.4**	**62.4**
23. Frozen vegetables, plain	**42.7**	**62.1**
24. Breakfast cereals, hot	**42.7**	**51.8**
25. Dinner mixes, packaged	**42.6**	**59.1**
26. Meat/fish extenders	**42.5**	**78.0**
27. Drink additives	**42.2**	**51.4**
28. Toilet paper	**41.0**	**48.9**
29. Potato chips	**40.2**	**55.8**
30. Frozen pizza*	**40.2**	**52.2**
31. Dog biscuits/treats	**39.9**	**65.0**
32. Frozen dinners	**38.7**	**45.8**
33. Refrigerated dough products	**38.6**	**48.9**
34. Yogurt*	**38.5**	**44.3**
35. Disposable diapers	**38.5**	**44.0**
36. Frozen vegetables, prepared	**38.0**	**49.7**
37. Soup, canned*	**38.0**	**43.6**
38. Fever reducers/pain relievers, children's	**37.9**	**53.9**
39. Furniture polish	**37.4**	**69.5**
40. Baking mixes	**37.0**	**64.2**
41. Bread crumbs/coating mixes	**36.9**	**81.5**
42. Beans, prepared in sauce	**36.9**	**52.1**
43. Coffee, ground	**36.6**	**48.3**
44. Cat food, dry	**36.2**	**35.0**
45. Frozen orange juice*	**36.1**	**51.7**
46. Paper towels*	**36.1**	**44.4**
47. Margarine*	**36.0**	**50.2**
48. Frozen potato products	**35.8**	**56.9**
49. Tuna, canned*	**35.5**	**50.1**
50. Air fresheners/sprays/room deodorizers	**35.4**	**67.7**
51. Rice, flavored/seasoned	**34.9**	**53.6**
52. Food storage/freezer/sandwich bags	**34.8**	**53.9**
53. Spaghetti sauce*	**33.9**	**52.0**
54. Snack cakes*	**33.9**	**46.8**
55. Fabric softeners	**33.7**	**45.2**
56. Tomatoes, canned*	**33.4**	**49.6**
57. Potatoes, instant	**32.8**	**59.1**
58. Baby foods*	**32.8**	**39.1**
59. Powdered soft drinks*	**32.7**	**33.0**
60. Popcorn snacks/popping corn	**32.6**	**41.5**
61. Facial tissues	**31.9**	**47.2**
62. Cat food, canned	**31.7**	**41.8**

[1] BASE = Men

*See table in study for demographic breakout of multi-brand users.

Source: Mediamark Re

RANKING OF MULTI-BRAND USERS—FEMALE HOMEMAKERS (DRY GROCERY—FROZENS—DAIRY)

	All Users	Heavy Users
63. Brownie/cookie mix	31.5	66.1
64. Bacon/breakfast strips	31.4	40.0
65. Frozen chicken, breaded/boneless	31.0	59.7
66. Syrup	30.8	65.2
67. Sausages	30.8	42.4
68. Dishwashing detergent, liquid	30.6	35.0
69. Orange juice, fresh/canned*	30.5	45.5
70. Cleaning wipes, pre-moistened	30.2	37.5
71. Pudding, pie filling	29.9	43.8
72. Metal polish	29.8	81.3
73. Frozen seafood	29.5	45.2
74. Oil, salad or cooking*	29.1	43.9
75. American past., processed cheese*	29.1	46.8
76. Whipped topping	29.0	56.8
77. Automatic dishwashing detergent*	28.9	44.5
78. Olives*	28.9	43.2
79. Frankfurters/weiners	28.4	43.1
80. Carpet cleaners	28.3	57.6
81. Jams/jellies	28.2	48.7
82. Pickles	28.0	51.7
83. Sugar*	27.9	41.0
84. Coffee, instant or freeze-dried*	27.9	38.3
85. Laundry pre-cleaners/pre-treatments	27.6	38.5
86. Deviled ham & other meat products	27.3	52.1
87. Cheese, natural or imported*	27.1	45.5
88. Baby ointment	27.0	28.4
89. Soap/detergent, fine fabrics	26.7	48.7
90. Frosting/frosting mixes	26.3	41.3
91. Gravy/sauce mixes	26.1	35.7
92. Tea, regular*	25.8	30.7
93. Plastic garbage bags/trash can liners	25.8	27.5
94. Tomato/vegetable juices, canned	25.2	34.3
95. Stuffing mixes/stuffing products	25.1	40.0
96. Gelatin desserts*	24.9	31.0
97. Frozen French toast/pancakes	24.6	42.7
98. Rice	24.6	40.2
99. Mayonnaise/mayo-type dressing*	24.4	44.2
100. Dog food, dry*	24.0	25.9
101. Scouring powder	23.9	37.2
102. Scouring pads	23.5	26.1
103. In-bowl toilet bowl cleaners	23.1	38.6
104. Mustard	22.8	48.0
105. Bleach	22.7	40.4
106. Pretzels	22.5	36.6
107. Pizza mix	22.3	35.9
108. Insecticides, indoor	22.1	46.1
109. Baking chips	21.9	39.4
110. Pie crusts, packaged	21.7	42.8
111. Cat litter	21.5	27.4
112. Dog food, canned	21.3	22.5
113. Mushrooms, canned/jarred	21.2	30.3
114. Dog food, moist	21.1	26.1
115. Plastic kitchen wrap	21.1	42.9
116. Paper napkins*	20.5	30.5
117. Frozen dough products	20.4	38.4
118. Pancake/waffle mix*	20.4	34.3
119. Peanut butter*	20.2	39.6

	All Users	Heavy Users
120. Floor wax/polish	19.9	40.4
121. Glass cleaners	19.8	44.2
122. Vitamins, children's	19.8	39.9
123. Toaster products	19.7	29.6
124. Light bulbs*	19.6	32.0
125. Frozen waffles*	19.4	28.5
126. Insect repellants	19.4	22.6
127. Ketchup	19.0	36.8
128. Frozen chicken, fried	18.7	38.5
129. Disposable plates	18.5	32.3
130. Infant cereal	18.2	35.7
131. Iced tea mix, instant*	18.2	26.0
132. Chili, canned	18.2	24.1
133. In-tank toilet bowl cleaners	18.1	28.1
134. Insecticides, outdoor	17.8	46.9
135. Baby powder	17.7	36.0
136. Ice cream/sherbert*	17.7	19.3
137. Instant hot lunches	17.7	16.5
138. Flea/tick products	17.5	38.3
139. Pasta, canned	17.4	33.5
140. Dips, ready-to-serve	17.4	30.9
141. Starch	17.0	43.0
142. Ham, canned	16.3	20.1
143. Extracts	16.0	35.9
144. Evaporated milk	15.9	22.4
145. Nuts, for cooking	15.5	37.8
146. Cat food, moist	15.5	21.8
147. Cheese spread	15.2	36.5
148. Frozen corn on the cob	15.1	26.9
149. Shortening	15.0	28.3
150. Charcoal	14.9	25.0
151. English muffins	14.4	16.3
152. Disposable cups	13.9	13.7
153. Oven cleaners*	13.6	41.0
154. Aluminum foil*	13.4	29.3
155. Cellophane tape	12.9	24.8
156. Nonstick cooking products, aerosol	12.8	31.6
157. Flour	12.8	24.3
158. Baby lotion	12.5	6.3
159. Drain cleaners	12.0	47.3
160. Croutons	11.9	14.8
161. Baby bath, liquid	11.8	11.1
162. Baking chocolate	11.6	13.3
163. Yeast	11.4	19.8
164. Butter	11.0	19.5
165. Soap for baby	10.8	25.5
166. Sweet rolls, ready-to-eat	10.5	18.9
167. Grapefruit juice, canned	10.5	17.0
168. Tea, instant	10.2	13.7
169. Infant formula, prepared	9.6	8.0
170. Cream cheese	9.4	18.2
171. Teething remedies	9.4	11.6
172. Salt substitutes	9.3	21.4
173. Cottage cheese	9.2	21.6
174. Hand cleaners, heavy duty	9.0	18.2
175. Baby oil	8.7	13.3
176. Pickle relish	8.1	18.8

*See table in study for demographic breakout of multi-brand users.

Source: Mediamark Research Inc.

RANKING OF MULTI-BRAND USERS—FEMALE HOMEMAKERS (DRY GROCERY—FROZENS—DAIRY)

	All Users	Heavy Users
177. Cream substitutes, non-dairy	7.9	10.2
178. Salt	7.8	19.4
179. Baby shampoo	7.8	8.5
180. Chicken, canned	7.3	10.6
181. Sour cream	7.3	6.8
182. Children's cough syrup	7.3	3.5
183. Hash, canned	6.7	14.8
184. Baking coconut	5.6	7.7
185. Breakfast drinks, powdered	5.2	16.5
186. Rubber gloves	5.2	13.6
187. Waxed paper	5.1	21.2
188. Honey	5.0	14.9
189. Milk, dry	4.5	7.9
190. Disposable household wipes	4.2	4.4
191. Oven cooking bags	4.1	6.7
192. Liver sausage, liverwurst	3.2	8.1

Source: Mediamark Research Inc.

WHAT THE NUMBERS SAY ABOUT YOUR CUSTOMERS

The promotable potential of an individual product category can range from very low (for example, baking coconut, where only 5.6 percent of users buy more than one brand) to very high (for example, cold breakfast cereals, where 78.3 percent of users are multi-brand purchasers).

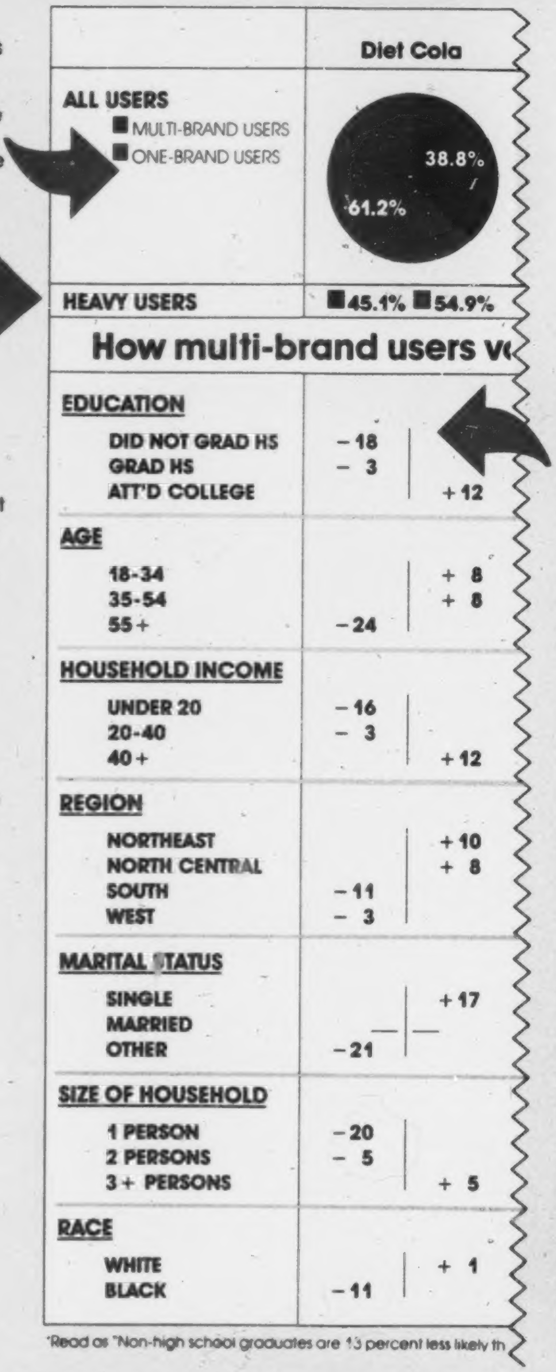
The usefulness of these data in formulating merchandising strategy can be enhanced by analyzing each category demographically. Matching the characteristics of consumers who are most likely to purchase more than one brand with those of consumers you observe patronizing your store can help maximize the payout from your merchandising effort.

For example, the statistics for diet cola drinks shown on page 59 show that 38.8 percent of all category users are multi-brand purchasers. That's not necessarily the case for your store, however. Perhaps, for example, your store draws heavily on households with income of over $40,000 a year, 43.5 percent of which report multi-brand purchases of diet colas (12 percent higher than the incidence for all users). That means there's an even greater urgency for taking action on the promotable categories within your store.

Conversely, stores with a low-household-income constituency should give less weight to this product category and explore the potential of others where the low-income sector is above average in propensity toward multi-brand purchasing.

On the pages following the introduction to this report, almost six dozen product categories are shown in detail.

A
The pie comprises all users of the product category. In this case, 38.8 percent purchased more than one brand in the survey reporting period, while the balance (61.2 percent) of the users restricted their consumption to only one brand.



*Read as "Non-high school graduates are 13 percent less likely th

B
Heavy users traditionally account for a minority of all users (in the case of diet cola drinks, heavy users—those who consume 6 or more glasses per week—are 42 percent of total users), but account for a majority of tonnage (82 percent for diet colas). Heavy users tend to have a stronger proclivity for multi-brand purchase than do all users, therefore strengthening the case for a category to be merchandised as promotable.

C
The statistics for the seven demographic groups are intended to be evaluated in the framework of the demographic makeup of your store's customer base. With region as a given, consider the degree to which you find your trading area is above average (compared to the national norm) on each of the other six demographic breakouts.

The **plus figures** mean that the incidence of multi-brand usage is stronger among users in a particular sub-group than it is among all users. (For example, 45.4 percent of singles who use diet colas are multi-brand users—meaning they are 17 percent more likely to be multi-brand purchasers.)

The **minus figures** mean that the incidence of multi-brand usage is weaker among users in a particular sub-group than it is among all users. (For example, only 33.4 percent of those 55-and-older users of diet colas are multi-brand users—meaning they are 24 percent less likely to be multi-brand purchasers.)

A **dash** on the table means a particular sub-group is no more or less likely than the average user to be a multi-brand purchaser.

RANKING OF MULTI-BRAND USERS

ADULTS' HBA

	All Users	Heavy Users
1. Headache remedies/pain relievers	**38.4%**	**49.2%**
2. First aid products*	**37.9**	**48.8**
3. Toothpaste*	**35.5**	**54.2**
4. Cold/sinus/allergy remedies*	**34.8**	**47.6**
5. Indigestion aids	**28.4**	**42.6**
6. Sunscreen/suntan domestics*	**26.6**	**34.2**
7. Lip balm	**23.7**	**41.1**
8. Body powder	**22.2**	**52.0**
9. Cough syrup	**21.3**	**26.3**
10. Breath fresheners	**19.4**	**36.4**
11. Mouthwash*	**19.3**	**31.6**
12. Adhesive bandages	**19.0**	**27.5**
13. Pain-relieving rubs/liquids	**18.5**	**25.8**
14. Throat remedies, medicated	**17.9**	**21.0**
15. Sunburn remedies	**15.5**	**20.7**
16. Laxatives	**15.1**	**22.9**
17. Asthma relief remedies	**15.0**	**23.6**
18. Eye drops/eye wash	**14.0**	**16.5**
19. Toothbrushes	**13.2**	**25.6**
20. Canker sore/gum/toothache remedies	**13.2**	**20.1**
21. Hemorrhoid remedies	**11.8**	**23.0**
22. Athlete's foot remedies	**11.5**	**17.6**
23. Denture cleaners	**10.4**	**28.2**
24. Diarrhea remedies	**10.3**	**22.6**
25. Denture adhesive/fixitive	**10.1**	**26.9**
26. Vitamins, tablets/capsules/liquids	**9.7**	**19.6**
27. Nasal sprays	**9.0**	**12.2**
28. Dental floss	**4.5**	**8.3**

WOMEN'S HBA

	All Users	Heavy Users
1. Perfume/cologne	**52.4**	**75.4**
2. Soaps, personal care, bar	**51.3**	**65.7**
3. Body/hand creams/lotions/oils	**42.3**	**61.8**
4. Shampoo*	**38.3**	**47.7**
5. Sanitary napkins	**36.4**	**45.2**
6. Nail polish	**34.4**	**55.3**
7. Deodorant/antiperspirant*	**30.7**	**74.1**
8. Eye shadow	**29.4**	**56.7**
9. Medicated skin ointment	**28.9**	**37.9**
10. Complexion care	**28.5**	**55.5**
11. Lipstick/lip gloss*	**28.2**	**40.9**
12. Face creams	**28.1**	**85.5**
13. Hair conditioners	**21.7**	**26.3**
14. Hair sprays	**20.0**	**32.0**
15. Blusher	**19.5**	**40.4**
16. Foundation makeup	**18.6**	**37.1**
17. Hair mousse	**17.5**	**23.6**
18. Mascara	**15.2**	**32.0**
19. Bath/shower additives	**15.1**	**17.9**
20. Shaving cream/gel	**15.0**	**51.8**
21. Eye liner	**15.0**	**32.2**
22. Razors, disposable	**14.9**	**18.6**
23. Soaps, personal care, liquid	**14.8**	**25.6**
24. Pressed powder	**14.7**	**36.5**
25. Body spray	**13.4**	**16.4**
26. Fem. hyg. douches/suppositories	**12.8**	**21.6**
27. Menstrual pain remedies	**12.0**	**16.9**
28. Tampons	**12.0**	**12.8**
29. Hair coloring*	**11.5**	**17.2**
30. Face powder, loose	**10.9**	**16.5**
31. Hair setting products	**9.7**	**11.6**
32. Facial toners	**9.5**	**21.5**
33. Depilatories	**8.6**	**8.8**
34. Razor blades	**8.5**	**35.8**
35. Facial cleansers	**7.1**	**15.2**
36. Home permanents	**7.0**	**29.8**

MEN'S HBA

	All Users	Heavy Users
1. Soaps, personal care, bar	**39.5%**	**53.8%**
2. Aftershave lotion/cologne	**37.6**	**67.0**
3. Hand/body creams/lotions/oils	**31.8**	**62.0**
4. Shampoo*	**28.7**	**33.0**
5. Deodorants/antiperspirants*	**27.3**	**81.7**
6. Medicated skin ointments*	**23.4**	**34.5**
7. Complexion care products	**22.6**	**51.6**
8. Hair conditioners	**15.7**	**17.4**
9. Hair sprays	**15.5**	**31.0**
10. Disposable razors	**15.4**	**16.9**
11. Shaving creams or gels*	**14.0**	**30.2**
12. Soaps, personal care, liquid	**10.6**	**19.3**
13. Razor blades*	**8.1**	**26.7**
14. Hair coloring	**7.9**	**14.2**

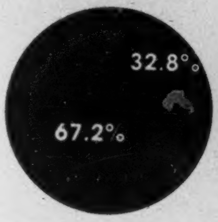
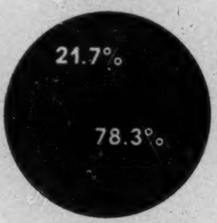
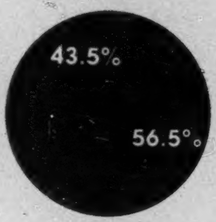
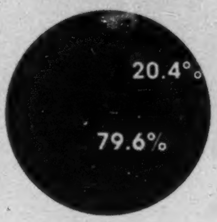
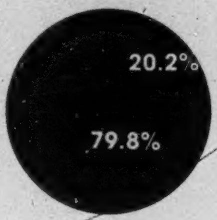
GENERAL MERCHANDISE

	All Users	Heavy Users
1. Video tapes/discs (A)*	**45.7%**	**67.9%**
2. Batteries (FH)*	**35.5**	**57.2**
3. Pantyhose/stockings (W)*	**27.5**	**38.4**
4. Film (A)*	**20.2**	**32.2**
5. Auto wax/polish (A)	**16.8**	**28.8**
6. Motor oil (A)*	**16.6**	**27.3**
7. Gasoline additives (A)	**11.6**	**18.6**
8. Plant food, indoor (FH)	**6.8**	**22.5**
9. Anti-freeze (A)	**5.8**	**11.9**
10. Motor oil additives (A)	**4.0**	**6.3**

(A) = Adults.
(FH) = Female Homemakers.
(W) = Women.
*See table in study for demographic breakout of multi-brand users.

Source: Mediamark Research Inc.

DRY GROCERY—FOOD

	Baby Foods	Cold Cereal	Snack Bars	Pancake/Waffle Mix	Peanut Butter
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS					
HEAVY USERS	■ 39.1% ■ 60.9%	■ 94.1% ■ 5.9%	■ 70.0% ■ 30.0%	■ 34.3% ■ 65.7%	■ 39.6% ■ 60.4%

How multi-brand users vary from all users by demographics (in percent)

	Baby Foods	Cold Cereal	Snack Bars	Pancake/Waffle Mix	Peanut Butter
EDUCATION					
DID NOT GRAD HS	−18*	−6	−10	−10	−12
GRAD HS	−14	+2	+4	−7	+2
ATT'D COLLEGE	+30	+2	—	+17	+6
AGE					
18-34	+13	+4	+5	−12	+11
35-54	−20	+4	+3	+14	+3
55+	−44	−8	−24	−4	−17
HOUSEHOLD INCOME					
UNDER 20	−43	−6	−13	−10	−8
20-40	+28	+1	+2	+7	+6
40+	+6	+5	+5	+2	+1
REGION					
NORTHEAST	+22	−1	+9	−7	+12
NORTH CENTRAL	+4	+8	+4	+19	+7
SOUTH	−21	−4	−10	−7	−6
WEST	+13	−6	—	−8	−14
MARITAL STATUS					
SINGLE	−6	+8	−12	−15	+3
MARRIED	+7	+5	+3	+5	+4
OTHER	−39	−9	−11	−11	−16
SIZE OF HOUSEHOLD					
1 PERSON	−34	−19	−21	−21	−41
2 PERSONS	−67	−5	−17	−6	−11
3+ PERSONS	+9	+8	+7	+6	+15
RACE					
WHITE	—	+1	+1	−4	−3
BLACK	+2	−8	−6	+36	+19

Base = Female homemakers
*Read as, "Non-high school graduates are 18 percent less likely than all purchasers to be multi-brand users."

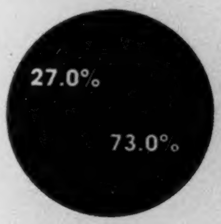
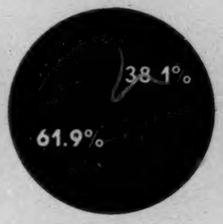
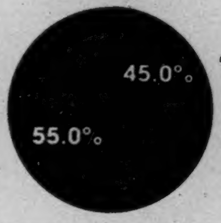
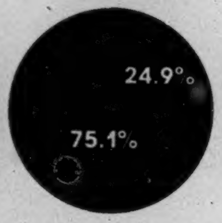
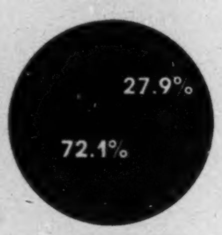
Source: Mediamark Research Inc.

BABY PRODUCTS: Given the varieties of fruits, vegetables, desserts and meals that fall under the general category of baby foods, it's not surprising that one in three mothers includes multiple brands in her feeding repetoire. Experimentation is lower for formula and infant cereal (9.6 percent and 18.2 percent respectively). For baby's HBA products, loyalty is even higher with, for example, 91.3 percent of baby oil users and 82.3 percent of baby powder users sticking to one brand.

BREAKFAST FOODS: As seen in the table in the introduction to this study, no category counts a higher proportion of multi-brand users than does cold breakfast cereals. Pancake and waffle mix shows relatively light multi-brand usage, with black consumers most prominent in this regard. Merchandising possibilities are suggested by a similar pattern for the purchase of breakfast syrup (not shown) by black consumers. Large families most frequently buy more than one brand of peanut butter.

MULTI-BRAND USERS STUDY

DRY GROCERY—FOOD

	Candy Bars	Chewing Gum	Dry Cake Mixes	Gelatin Desserts	Sugar
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS	 27.0% 73.0%	 38.1% 61.9%	 45.0% 55.0%	 24.9% 75.1%	 27.9% 72.1%
HEAVY USERS	■ 89.7% ■ 10.3%	■ 41.0% ■ 59.0%	■ 67.3% ■ 32.7%	■ 31.0% ■ 69.0%	■ 41.0% ■ 59.0%

How multi-brand users vary from all users by demographics (in percent)

	Candy Bars	Chewing Gum	Dry Cake Mixes	Gelatin Desserts	Sugar
EDUCATION					
DID NOT GRAD HS	− 6*	−10	− 3	−14	−21
GRAD HS	+ 3	+ 1	− 2	− 3	+6
ATT'D COLLEGE	+ 1	+ 6	+ 4	+16	+ 8
AGE					
18-34	+ 8	+15	− 3	−11	—
35-54	+ 1	− 6	+ 8	+14	+13
55+	−16	−25	− 7	− 6	−15
HOUSEHOLD INCOME					
UNDER 20	− 5	− 6	−12	−16	−22
20-40	—	+ 2	+ 7	—	+13
40+	+ 3	+ 2	+ 4	+17	+ 9
REGION					
NORTHEAST	− 4	−35	− 3	+12	−10
NORTH CENTRAL	+ 5	+ 6	+11	+18	+36
SOUTH	− 3	+ 2	− 3	−25	−11
WEST	+ 3	− 2	− 9	+ 1	−18
MARITAL STATUS					
SINGLE	+ 5	+ 6	−22	−12	−33
MARRIED	+ 1	+ 1	+ 7	+ 9	+15
OTHER	− 7	−11	−14	−23	−29
SIZE OF HOUSEHOLD					
1 PERSON	−11	−23	−21	−23	−29
2 PERSONS	− 5	− 7	− 3	+ 4	−10
3+ PERSONS	+ 4	+ 8	+ 5	+ 4	+13
RACE					
WHITE	—	+ 1	+ 2	+ 3	+ 5
BLACK	− 3	− 7	−12	− 6	−33

*Read as "Non-high school graduates are 6 percent less likely than all purchasers to be multi-brand users."

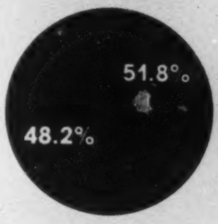
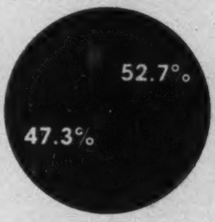
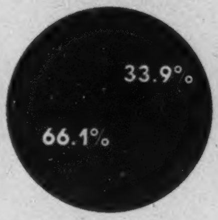
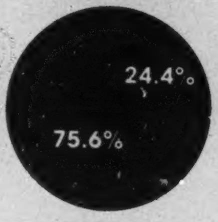
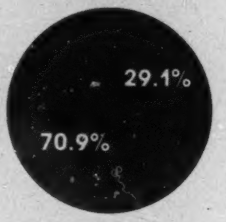
Source: Mediamark Research Inc.

CANDY: Sweet teeth look for variety, suggesting that they're willing targets for instore merchandising efforts. Multiple-brand purchase of candy bars is indulged in by 73.0 percent of users, with only older users showing any degree of resistance. Younger chewers of chewing gum are most likely to pop from brand to brand. Among the candy categories not charted here, only one, hard roll candy, shows a paucity of multi-brand usage.

DESSERTS/BAKING INGREDIENTS: For both sugar and gelatin desserts, only one user in four strays from her regular brand, with those in the prime of their dessert-preparation years (35 to 54) most likely to experiment. No doubt tempted by an unending stream of innovative new products, almost half of baking homemakers buy more than one brand of dry cake mix. Among categories not charted, most show a low level of multi-usage.

MULTI-BRAND USERS STUDY

DRY GROCERY—FOOD

	Corn Chips, Cheese Snacks	Cookies	Snack Cake	Mayo./Mayo.-Type Dressing	Salad/Cooking Oil
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS					
HEAVY USERS	■ 23.3% ■ 76.7%	■ 75.3% ■ 24.7%	■ 46.8% ■ 53.2%	■ 44.2% ■ 55.8%	■ 43.9% ■ 56.1%

How multi-brand users vary from all users by demographics (in percent)

	Corn Chips, Cheese Snacks	Cookies	Snack Cake	Mayo./Mayo.-Type Dressing	Salad/Cooking Oil
EDUCATION					
DID NOT GRAD HS	–10*	–17	–5	–10	–13
GRAD HS	+3	+4	—	–4	+2
ATT'D COLLEGE	+2	+6	+3	+12	+7
AGE					
18-34	+6	–4	+4	–8	–3
35-54	+6	+15	+13	+12	+13
55+	–26	–14	–29	–5	–11
HOUSEHOLD INCOME					
UNDER 20	–10	–16	–15	–10	–18
20-40	+3	+1	+9	+2	+4
40+	+5	+14	+3	+8	+14
REGION					
NORTHEAST	–5	+12	+9	+3	+13
NORTH CENTRAL	+9	+8	+15	+20	+3
SOUTH	+2	–12	–6	–9	–7
WEST	–12	–4	–28	–14	–6
MARITAL STATUS					
SINGLE	–6	–15	–16	–18	–19
MARRIED	+4	+8	+6	+9	+9
OTHER	–12	–17	–12	–18	–18
SIZE OF HOUSEHOLD					
1 PERSON	–18	–23	–31	–19	–31
2 PERSONS	–16	–10	–5	+2	–2
3+ PERSONS	+9	+10	+7	+4	+10
RACE					
WHITE	+1	+3	—	+1	+1
BLACK	–11	–26	–11	–12	–5

Base = Female homemakers
*Read as, "Non-high school graduates are 10 percent less likely than all purchasers to be multi-brand users."

Source: Mediamark Research Inc.

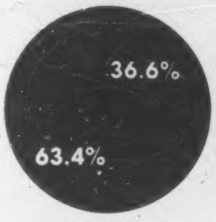
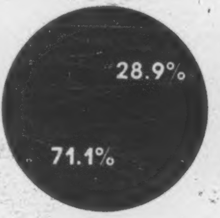
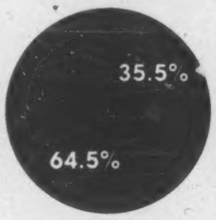
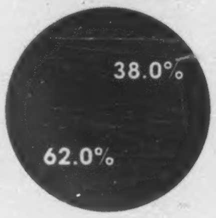
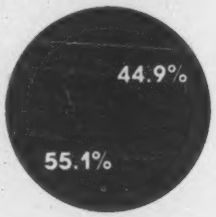
SNACKS: Half the users of products in the category corn/tortilla chips, cheese snacks consume more than one brand. The demographic group that's most loyal to one brand is those aged 55 and over. Both popcorn and potato chips snackers show a lower rate of multi-brand usage.

BAKED GOODS: Both cookies (above) and crackers (not shown) tempt about half of users to spread their patronage over several brands. This is particularly prevalent in larger households with several palates to please. The two categories of baked goods with the strongest allegiance to one brand are croutons and English muffins.

OILS/DRESSINGS/CONDIMENTS: Despite their above-average promotional activity, mayonnaise and oils show frequent brand-switching among only one user in four. With myriad varieties available, salad dressing shows a high (48.8 percent) multi-user rate (not shown).

MULTI-BRAND USERS STUDY

DRY GROCERY—FOOD

	Wine Coolers	Olives	Canned Tuna	Canned Soup	Packaged Pasta
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS					
HEAVY USERS	■ 45.0% ■ 55.0%	■ 43.2% ■ 56.8%	■ 50.1% ■ 49.9%	■ 43.6% ■ 56.4%	■ 57.6% ■ 42.4%

How multi-brand users vary from all users by demographics (in percent)

	Wine Coolers	Olives	Canned Tuna	Canned Soup	Packaged Pasta
EDUCATION					
DID NOT GRAD HS	−19*	−13	−18	−25	−14
GRAD HS	+3	−2	+1	—	+2
ATT'D COLLEGE	+5	+10	+11	+17	+7
AGE					
18-34	+15	−22	−7	—	−4
35-54	−15	+19	+5	+6	+12
55+	−36	−2	+2	−7	−11
HOUSEHOLD INCOME					
UNDER 20	−4	−26	−10	−18	−20
20-40	−1	+2	+7	+3	+9
40+	+3	+17	+1	+14	+9
REGION					
NORTHEAST	−4	—	+20	+21	+27
NORTH CENTRAL	+4	+18	+4	+1	+11
SOUTH	−7	−7	−18	−15	−18
WEST	+15	−14	+2	+3	−16
MARITAL STATUS					
SINGLE	+24	−24	−2	−8	−19
MARRIED	−6	+9	+4	+5	+7
OTHER	−19	−22	−9	−11	−13
SIZE OF HOUSEHOLD					
1 PERSON	−9	−34	−8	−15	−27
2 PERSONS	−3	+2	+13	−2	−5
3+ PERSONS	+2	+6	−5	+5	+9
RACE					
WHITE	+3	+3	+2	+4	+2
BLACK	−23	−36	−12	−36	−20

Base = Female homemakers

*Read as, "Non-high school graduates are 19 percent less likely than all purchasers to be multi-brand users."

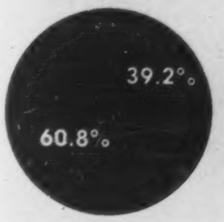
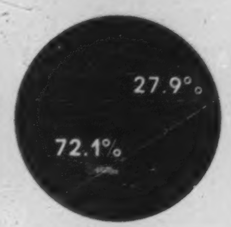
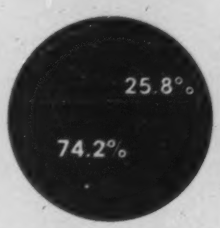
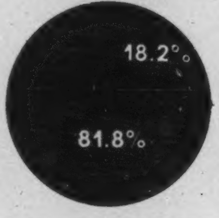
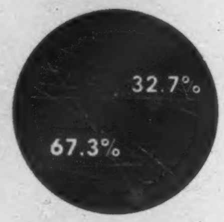
Source: Mediamark Research Inc.

WINE: In the relatively new product category of wine coolers, over one third of all users and about half of heavy users are still experimenting among various brands to see what they like. Younger single users and those in the West shop around the most. More established wine categories such as vermouth, party wines and dessert wines (not shown) have only half as much brand sampling.

PACKAGED SPECIALTY FOODS: The four categories charted above are among the most heavily merchandised in the typical supermarket. And small wonder, given their high-voltage abilities to effect brand switching. Canned tuna and packaged pasta, often found in the same casserole together, both pull well in middle-income neighborhoods. Southern customers and blacks both show high loyalty to one brand.

MULTI-BRAND USERS STUDY

DRY GROCERY—FOOD

	Domestic Beer	Instant/Freeze-Dried Coffee	Regular Tea	Iced Tea Mix	Powdered Soft Drinks
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS	 39.2% 60.8%	 27.9% 72.1%	 25.8% 74.2%	 18.2% 81.8%	 32.7% 67.3%
HEAVY USERS	■ 42.0% ■ 58.0%	■ 38.3% ■ 61.7%	■ 30.7% ■ 69.3%	■ 26.0% ■ 74.0%	■ 33.0% ■ 67.0%

How multi-brand users vary from all users by demographics (in percent)

	Domestic Beer	Instant/Freeze-Dried Coffee	Regular Tea	Iced Tea Mix	Powdered Soft Drinks
EDUCATION					
DID NOT GRAD HS	−28*	− 8	−24	+12	−11
GRAD HS	− 4	− 6	− 7	−10	+ 2
ATT'D COLLEGE	+19	+14	+27	+ 4	+ 4
AGE					
18-34	+14	−12	− 3	− 8	− 1
35-54	− 4	+ 6	+19	+23	+ 5
55+	−30	+ 3	−19	−19	− 9
HOUSEHOLD INCOME					
UNDER 20	−13	−14	−27	− 3	−11
20-40	+ 1	+ 6	+12	+ 2	+ 3
40+	+ 7	+ 8	+13	—	+ 6
REGION					
NORTHEAST	− 6	+25	+25	+34	+18
NORTH CENTRAL	+21	+ 1	− 7	−13	+ 7
SOUTH	− 3	−11	−26	−13	− 8
WEST	−13	−14	+28	− 9	−20
MARITAL STATUS					
SINGLE	+13	−28	+12	+ 4	+ 5
MARRIED	− 1	+ 7	+ 4	+ 5	+ 4
OTHER	−18	− 6	−17	−20	−16
SIZE OF HOUSEHOLD					
1 PERSON	−16	−11	−28	−21	−25
2 PERSONS	+ 1	+ 1	+ 2	− 5	+ 1
3+ PERSONS	+ 2	+ 3	+ 6	+ 6	+ 3
RACE					
WHITE	+ 3	+ 3	+ 2	− 2	− 2
BLACK	−20	−24	−22	+10	+10

Base = Female homemakers

*Read as, "Non-high school graduates are 28 percent less likely than all purchasers to be multi-brand users."

Source: Mediamark Research Inc.

BEER: Despite their occasional interruption for coverage of football, those ubiquitous beer commercials seem to be working, as four out of 10 drinkers of regular (shown above) and imported (not shown) beer are multi-brand users. The incidence is even greater among such prime targets as college-educated, upper-income, single and young drinkers. Specialty beer categories like malt liquor ale, and no-alcohol or low-alcohol beers show less than a third this rate of multi-brand usage.

FAMILY BEVERAGES: Drinkers of instant coffee are a reasonably loyal lot, with only 27.9 percent saying they're less than true to their favorite brand of brew. The rate is somewhat higher (36.6 percent) for ground coffee (not shown). While only one in five iced tea drinkers confess multi-brand sipping, stores in the Northeast or with a black patronage will find the rate higher. Two other categories have low multi-brand usage: dry milk (4.5 percent) and non-dairy cream substitutes (7.8 percent).

DRY GROCERY—FOOD

	Regular Cola	Diet Cola	Canned/Jarred Fruit	Canned Tomatoes	Spaghetti Sauce
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS					
HEAVY USERS	■ 49.4% ■ 50.6%	■ 45.1% ■ 54.9%	■ 76.0% ■ 24.0%	■ 49.6% ■ 50.4%	■ 52.0% ■ 48.0%

How multi-brand users vary from all users by demographics (in percent)

	Regular Cola	Diet Cola	Canned/Jarred Fruit	Canned Tomatoes	Spaghetti Sauce
EDUCATION					
DID NOT GRAD HS	−13*	−18	−18	−40	−8
GRAD HS	+4	−3	+4	+2	+1
ATT'D COLLEGE	+6	+12	+8	+26	+4
AGE					
18-34	+12	+8	−9	−2	—
35-54	+2	+8	+9	+19	+2
55+	−27	−24	−2	−21	−3
HOUSEHOLD INCOME					
UNDER 20	−9	−16	−15	−32	−11
20-40	—	−3	+6	+5	+5
40+	+7	+12	+8	+25	+4
REGION					
NORTHEAST	+5	+10	+2	+17	+15
NORTH CENTRAL	+14	+8	+9	—	+10
SOUTH	−7	−11	−8	−22	−5
WEST	−10	−3	−4	+20	−20
MARITAL STATUS					
SINGLE	+7	+17	−19	−12	−8
MARRIED	+2	—	+5	+9	+4
OTHER	−18	−21	−7	−21	−8
SIZE OF HOUSEHOLD					
1 PERSON	−24	−20	−9	−32	−10
2 PERSONS	−10	−5	−4	+1	+3
3+ PERSONS	+8	+5	+5	+8	+1
RACE					
WHITE	—	+1	+3	+3	−2
BLACK	+1	−11	−31	−33	+11

Base = Female homemakers

*Read as, "Non-high school graduates are 13 percent less likely than all purchasers to be multi-brand users."

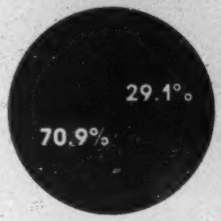
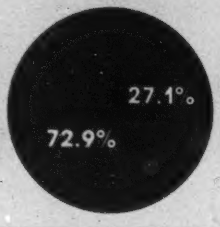
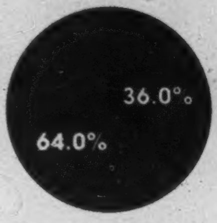
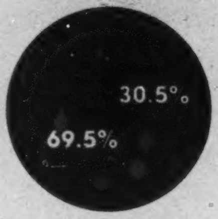
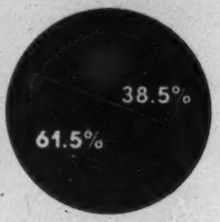
Source: Mediamark Research Inc.

SOFT DRINKS: Four out of 10 cola drinkers—regular or diet—make it a habit to drink more than just one brand. The young and the single are most likely to be tasting among the brands, but older cola drinkers are more likely to stick with a single taste.

CANNED FRUITS/VEGETABLES: Given the range of possibilities store shelves can offer, it's not surprising that canned fruits (charted above), as well as canned vegetables and canned juices, show high multi-brand usage. For specialties like canned tomatoes and canned mushrooms, however, loyalty to one brand exerts itself more strongly.

SAUCES: New brands as well as line-extensions within brands continue to expand the possibilities of spaghetti sauce, one-third of whose users buy multiple brands. Black users are particularly prone to try a new spaghetti sauce, as are those living in the Northeast and North Central regions.

DAIRY

	Processed Cheese	Natural/Imported Cheese	Margarine	Orange Juice, Fresh and Canned	Yogurt
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS					
HEAVY USERS	■ 46.8% ■ 53.2%	■ 45.5% ■ 54.5%	■ 50.2% ■ 49.8%	■ 45.5% ■ 54.5%	■ 44.3% ■ 55.7%

How multi-brand users vary from all users by demographics (in percent)

	Processed Cheese	Natural/Imported Cheese	Margarine	Orange Juice, Fresh and Canned	Yogurt
EDUCATION					
DID NOT GRAD HS	−16*	−30	− 6	−12	−12
GRAD HS	+ 2	—	+ 5	—	− 1
ATT'D COLLEGE	+10	+14	+ 6	+10	+ 5
AGE					
18-34	+ 3	+ 4	− 2	− 6	− 1
35-54	+15	+17	+10	+ 9	+11
55+	−22	−28	− 9	− 5	−19
HOUSEHOLD INCOME					
UNDER 20	−25	−26	−15	−13	− 6
20-40	+ 7	—	+ 5	—	− 4
40+	+17	+18	+11	+12	+ 7
REGION					
NORTHEAST	+10	+ 3	+ 6	+22	+15
NORTH CENTRAL	+22	+29	+14	− 3	+ 1
SOUTH	−11	−19	− 6	− 7	− 2
WEST	−22	−13	−16	−26	−15
MARITAL STATUS					
SINGLE	−19	−20	−18	−14	− 3
MARRIED	+12	+ 9	+12	+ 6	+ 5
OTHER	−28	−19	−24	−12	−17
SIZE OF HOUSEHOLD					
1 PERSON	−31	−25	−27	−26	−21
2 PERSONS	− 7	− 9	− 5	+ 6	− 3
3+ PERSONS	+11	+11	+10	+ 2	+ 5
RACE					
WHITE	+ 4	+ 4	+ 2	− 4	− 1
BLACK	−35	−40	−14	+25	—

Base = Female homemakers

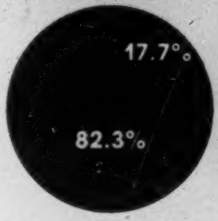
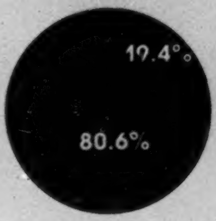
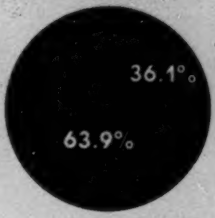
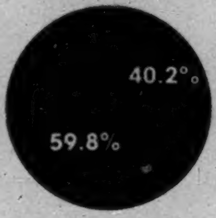
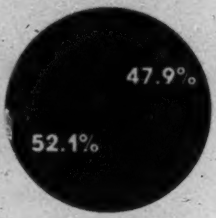
*Read as, "Non-high school graduates are 16 percent less likely than all purchasers to be multi-brand users."

Source: Mediamark Research Inc.

DAIRY: For the five popular dairy product categories shown above, almost half of heavy users purchase more than one brand. All five— but particularly margarine— figure prominently in producer-sponsored cents-off coupon campaigns designed to lure consumers to try a new brand. Predisposition to purchase more than one brand within a dairy category is highest in the Northeast and North Central regions, with those in the South and West proving less fickle. Better educated, upper-income users like to stock their refrigerators with two or more brands. For both cheese categories (American and natural), blacks repurchase a brand that's proved satisfactory. But the opposite is true for refrigerated orange juice, where blacks are 25 percent more likely than all users to be multi-purchasers. Among the dairy categories not shown here in detail, butter, cream cheese, cottage cheese and sour cream all provoke high loyalty, with roughly one user in 10 straying to a second brand.

MULTI-BRAND USERS STUDY

FROZEN FOODS

	Ice Cream/ Sherbert	Waffles	Orange Juice	Pizza	Main Courses
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS					
HEAVY USERS	■ 19.3% ■ 80.7%	■ 28.5% ■ 71.5%	■ 51.7% ■ 48.3%	■ 52.2% ■ 47.8%	■ 68.3% ■ 31.7%

How multi-brand users vary from all users by demographics (in percent)

	Ice Cream/ Sherbert	Waffles	Orange Juice	Pizza	Main Courses
EDUCATION					
DID NOT GRAD HS	−32*	− 8	− 8	− 7	−13
GRAD HS	− 5	− 9	− 4	− 1	− 4
ATT'D COLLEGE	+30	+16	+10	+ 5	+11
AGE					
18-34	+10	− 6	− 5	+ 8	− 4
35-54	+15	+18	+ 7	+ 2	+ 5
55+	−28	−16	− 3	−14	− 1
HOUSEHOLD INCOME					
UNDER 20	−36	−19	−11	− 7	−10
20-40	− 6	− 1	+ 6	+ 5	− 5
40+	+42	+14	+ 4	+ 2	+12
REGION					
NORTHEAST	+60	+13	+ 9	− 3	−10
NORTH CENTRAL	−16	—	+10	+ 5	− 8
SOUTH	−14	−35	−13	+ 4	—
WEST	−24	+37	− 2	−15	+10
MARITAL STATUS					
SINGLE	− 7	−56	−12	− 8	− 4
MARRIED	+ 7	+14	+ 7	+ 5	—
OTHER	−19	−22	−15	−15	+ 1
SIZE OF HOUSEHOLD					
1 PERSON	−38	−37	−15	−28	+ 1
2 PERSONS	− 6	− 5	− 7	− 9	+ 6
3+ PERSONS	+12	+ 9	+ 8	+ 9	− 4
RACE					
WHITE	+ 2	+ 3	+ 1	− 1	+ 1
BLACK	−20	−35	− 1	+ 7	−15

Base = Female homemakers

*Read as, "Non-high school graduates are 32 percent less likely than all purchasers to be multi-brand users."

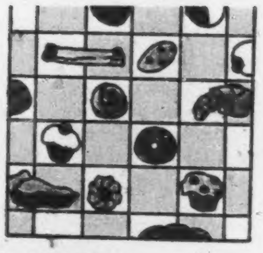
Source: Mediamark Research Inc.

FROZEN FOODS: Frozen food purchasers are prone to vary their menus by choosing from among several brands within a product category. Half of all users of frozen main courses, for example, do so, especially those with college educations and those living in upper-income households. Two-person households and those in the West are generally prone to keeping a mixture of brand labels in their freezers. In-case or in-ad promotions for main courses should catch shoppers' attention, as should those for such other high multi-brand categories as both plain and prepared frozen vegetables (not shown), and frozen orange juice and pizza (see above). The penchant of blacks towards multi-brand buying of pizza (7.0 percent higher than the all-buyer average) carries over to frozen chicken, potato products and corn on the cob. Larger households spread their patronage over several brands of orange juice, pizza and ice cream/sherbet. One-brand loyalty dominates breakfast lines like waffles and French toast/pancakes as well as ice cream (above).

SIXTH ANNUAL OPERATIONS REPORT

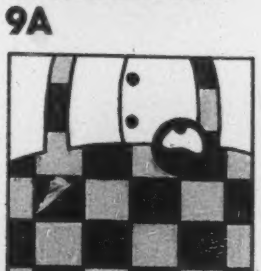
INSTORE BAKERY REVIEW

BY DAVID LITWAK, DIRECTOR OF RESEARCH



CENSUS
8A

SALES, MARGIN & PRODUCT MIX
9A



LABOR & SERVICE
10A

There may be a great deal of doubt about what kind of a year 1987 was, but when the conversation gets around to instore bakeries, 1987 will be fondly remembered as a year of growth.

Growth when it comes to the instore bakery is nothing new. INSTORE BUSINESS has provided readers with a chronicle of this department's growth every year since 1982. What *is* news is that 1987 saw growth that peaked at a level higher than that we've been seeing in the past few years.

For instance, there are presently 18,850 instore bakery units. This is an increase of 6.6 percent over the 17,680 that existed at the end of 1986. The gain of 6.6 percent surpasses the gains of about 4.0 percent in each of the previous three years. It is not surprising that all these additional bakery units provided an impetus to instore bakery sales, lifting them to a level of $4.78 billion in 1987, which is over nine percent more than 1986 sales.

More decided growth

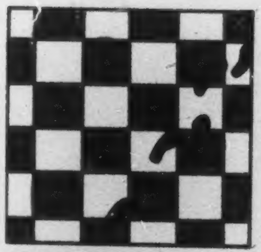
The increase in bakeries far outshines the growth of stores. While bakery units increased 6.6 percent, the number of supermarkets was declining in 1987. There are now bakeries in 62 percent of the nation's supermarkets.

The bakery, therefore, has become a staple in most of the designs for new and remodeled stores. Since so many stores now include bakeries and an even larger percentage will in the future, the role of the bakery as a drawing card for the store has changed. No longer is it enough to have a bakery unit to attract customers. The ability of the bakery to generate traffic for a store will be based on the quality and variety image of the unit, much the same as the perceived appeal that older departments such as produce and meat project.

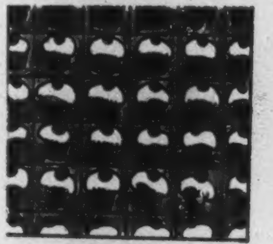
In this sense, the instore bakery is a mature department; it has been accepted by operators and consumers, and both groups expect to find the unit in most stores. It is now up to the individual units to distinguish themselves from competing units in neighboring stores.

Products and service

Instore bakeries are no different than the stores that they are in. What emerges in this year's Annual Operations Review is that bakery operators are still searching for the right mix of products to offer their customers; the preparation method that will best convey the image



SPACE, LOCATION & EQUIPMENT
11A



PRODUCTION & SUPPLY
14A

MERCHANDISING & CUSTOMERS
14A

of freshness without blowing production costs through the roof; keeping an attractive shopping area, and trying to balance the convenience of self-service with the positive aspects of personal service.

Product mix, production and labor, attractive shopping areas, convenience and service are the elements that power any department in the store, as well as the whole store. These elements are increasingly being refined by management of the instore bakeries to give their units that distinctiveness that will help them attract customers to the store.

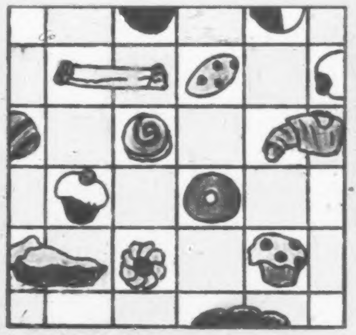
Retailers tell INSTORE BUSINESS that they are still experimenting with the service-vs.-self-service mix, with the roughly 41 percent of their staff's labor hours going into direct customer service. This represents a slight increase over the previous year. At the same time there is a marked increase in the number of stores that now offer bulk self-service items (40 percent of units offer this), and this now accounts for 17 percent of all bakery sales.

The methods of preparation of many products continued to shift in 1987, with scratch and mix preparations being used more for some products, especially items such as croissants and sweet goods. While still the dominant production method, bake-off preparations have declined slightly in usage among instore bakers for production of all classes of products. This has caused an increase in the percentage of the non-customer service labor hours for production, and enhanced the degree to which instore bakery employees must receive specialized training.

Any good retail organization continuously must refine its product mix to keep current with changing consumer tastes. The instore bakery is no different. Among those items that were reportedly added to bakery line-ups last year were muffins, decorated cakes, danish and croissants. This is the second year that muffins and decorated cakes have made this most-increased list.

Interestingly, croissants were among those items that were reported to be declining in 1986, and even more interesting is that many retailers still report

Continued on page 22A

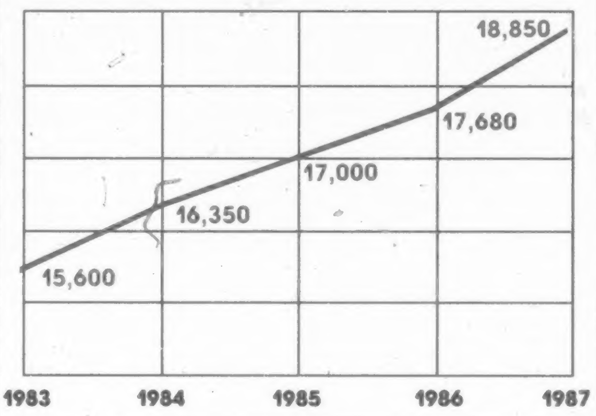


BAKERY/CENSUS

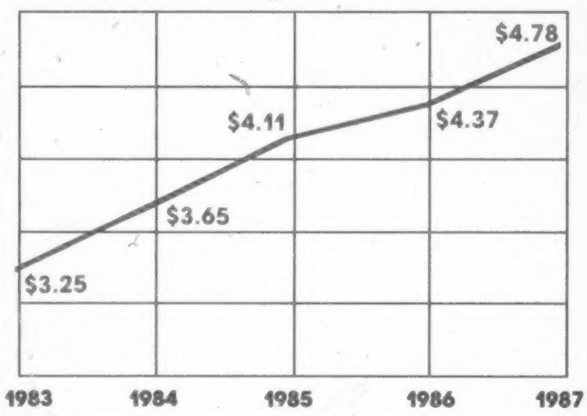
For instore bakeries in 1987 it was "All Systems Grow!" Bakery units are established in 62 percent of all supermarkets, making them easily accessible to a majority of Americans who are beginning to rely on these units for fresh baked goods.

The 18,850 bakery units that were operating in 1987 represented healthy industry growth (up 6.6 percent from 1986). With the average bakery unit contributing $4,875 a week in sales, total instore bakery sales climbed to a new annual high of $4.78 billion last year. The growth in units and sales during 1987 was encouraging because it surpassed the rates of growth that the instore bakery segment had been experiencing during recent years.

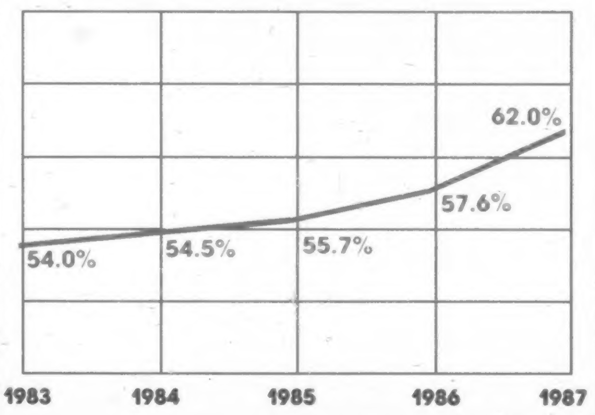
Instore Bakery Units



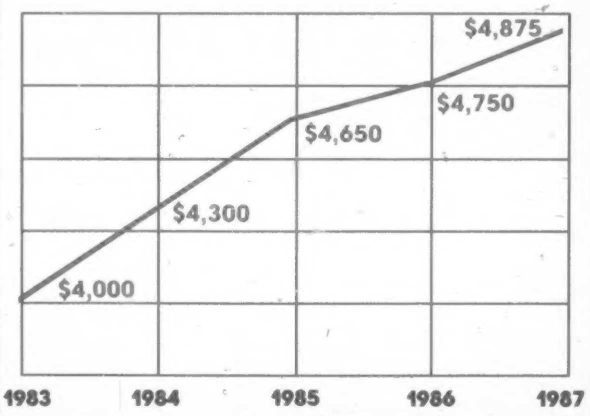
Annual Sales (billions)



Percent of Supermarkets with Bakery



Average Weekly Sales Per Instore Bakery

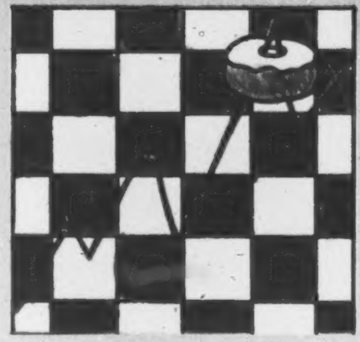


Is Portion of Store Overhead Allocated Back to Instore Bakeries?

Yes	**40%**
No	**60%**
Total	**100%**

BAKERY/SALES, MARGINS & PRODUCT MIX

Despite a slip in the average bakery gross margin (down to 47.6 percent from 52.0 percent in 1986) the instore bakery has managed to increase its profitability. The average bakery unit accounts for 3.9 percent of the profits in those stores.



Average Weekly Sales

Mean **$4,875** Median **$4,000**

Weekly Sales By Format

	Mean
Super Store	**$8,467**
Superwarehouse Store	**$4,933**
Conventional	**$3,675**

Change in Dollar Sales

(1987 vs. 1986)

Higher	**96%**
No change	**2**
Lower	**2**
Total	**100%**
Average Reported Increase	**5%**

Share of Total Store Sales

Mean **2.5%** Median **2.4%**

Percent of Total Sales by Format

Super Store	**2.6%**
Superwarehouse Store	**2.0**
Conventional	**2.8**

Contribution to Store Profits

Mean **3.9%** Median **4.0%**

Percent of Store Profits

Less than 2.0%	**45%**
2.0–3.9	**6**
4.0–6.0	**17**
6.0 or more	**32**
Total	**100%**

Generating profit is something that bakery units seem to do very well for the stores that they are in. Contribution to store profit has grown to 3.9 percent in 1987 (from 3.5 percent in 1986), despite no real growth in the portion of total store sales that comes from the bakery department, now 2.5 percent. The constant refining of product offerings, and enhancing the units' image of freshness and service have helped to increase profitability. Although products are always coming into and going out of the instore bakery mix, sales are still dominated by breads and rolls, and more traditional sweet goods like doughnuts, cookies, and layer cakes.

Gross Margin

Mean **47.6%**	Median **52.0%**
Less than 40%	**9%**
40-49	**43**
50-59	**24**
60 or more	**24**
Total	**100%**

Bakery Items/Lines Most Frequently Dropped or Decreased

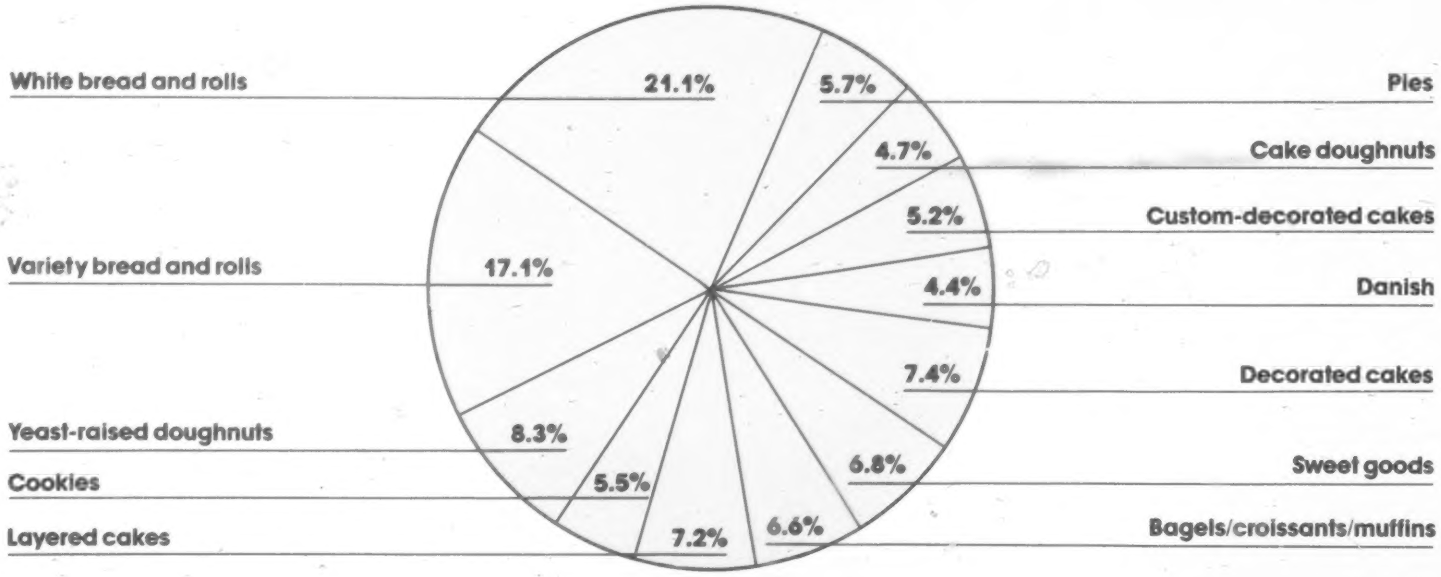
—Croissants
—Cookies

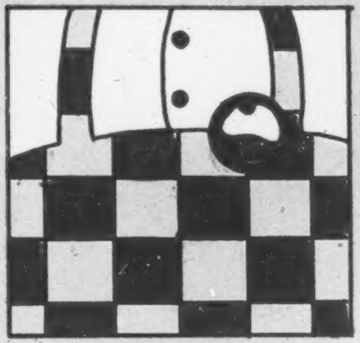
Bakery Items/Lines Most Frequently Added or Increased

—Muffins
—Decorated Cakes
—Danish
—Croissants

Portioning Out the Instore Bakery Sales Dollar

Share of Sales





BAKERY/LABOR & SERVICE

Service and inhouse production are beginning to take their toll on the labor/sales ratio. While the number of employees in an average unit increased 12.9 percent, the sales per employee fell 5.6 percent. This is the first year in which increases in the labor force have had a significant impact on costs.

Just as the increase in the number of products and the move to more instore production has effected the size of units, it has also effected the labor it takes to produce the products, and run the units. If we add to this an increase in the level of service offered at many of the units, we can see how the number of full-time equivalent employees had to increase (up to seven employees), and why labor costs are up to 33.9 percent of sales. Both these figures represent increases over 1986 levels. The average sales per employee dropped below $700 for the first time in five years. Despite, or perhaps because of these labor cost increases, the profitability of the units still increased.

The move toward service may have reached its maximum level in 1987. Forty percent of those retailers responding report that they plan no significant changes in their service versus self-service mix for their instore units. If any operating method is to increase over the next few years it will be a move toward more self-service bulk bakery sales.

Number of Employees

Full Time	4.0
Part Time	6.0
Full Time Equivalent*	7.0

Full-Time Equivalent Employees

1–3	5%
4–5	43
6–7	29
8–9	13
10 or more	10
Total	100%

*2 part-time = 1 full-time employee

How Much for Labor

(Labor as a Percent of Instore Bakery Sales)

Mean	33.9%
Median	32.0%
Under 26%	14%
26–30	37
31–35	36
36–40	9
Over 40	4
Total	100%

Cake Decorating

Percent of Stores Offering

Offer	77%
Do not offer	23%

Time for Prep and Service

Breakdown of Labor Hours

Customer service	41%
Other (incl. prep)	59
Total	100%

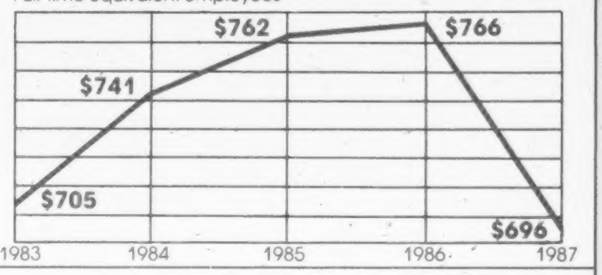
Average Weekly Sales Per Employee*

Mean	$696
$500 or less	12%
$501–$750	32
$751–$1,000	39
Over $1,000	17
Total	100%

*Full-time equivalent employees

Average Weekly Sales Per Employee*

*Full-time equivalent employees



Self-Service Equipment

Percent of Stores That Have

Display tables for packaged self-service	86%
Self-service racks (or shelves) without doors	51
Roll bins with tongs for self service	46
Free-standing self-service racks (on wheels)	38
Self-service racks with glass doors	34
Self-service refrigerated cases	23

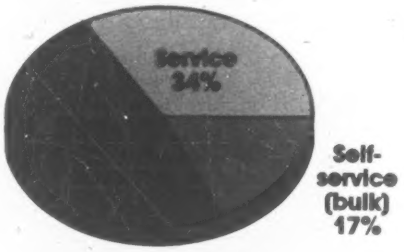
Service vs. Self-Service

Percent of Stores Offering*

Service	70%
Self-service (packaged)	100
Self-service (bulk)	40

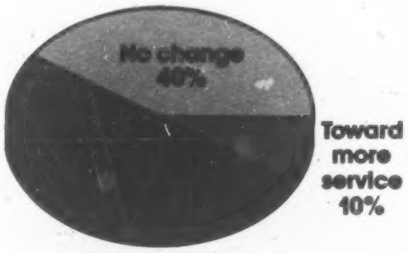
*NOTE: Includes multiple answers

Percent of Instore Bakery Sales



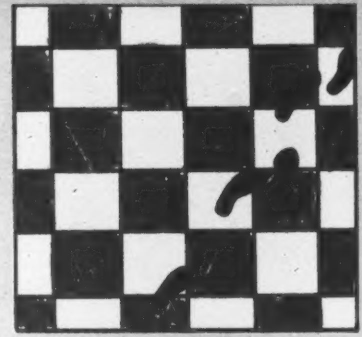
Trends in Service

Direction Instore Directors Expect Their Operations to Move



BAKERY/SPACE, LOCATION & EQUIPMENT

With increases in the size of bakery units during 1987, the sales per square foot were somewhat smaller ($3.55) than in the previous year ($3.65). More operators seem to be expanding the size of their units to increase prep and display space.



Size of Department

Square Feet of Space

Mean	**1,375 Square Feet**
Median	**1,450 Square Feet**

Square Feet by Format

Super Store	**2,200**
Superwarehouse	**2,160**
Conventional	**700**

Share of Total Store Space

Mean	**4.8%**
Median	**5.0%**

Percent Share by Format

Super Store	**5.1%**
Superwarehouse	**3.8**
Conventional	**4.6**

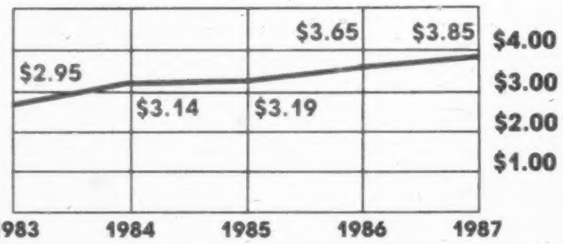
Average Weekly Sales Per Square Foot of Space

Mean	**$3.55**

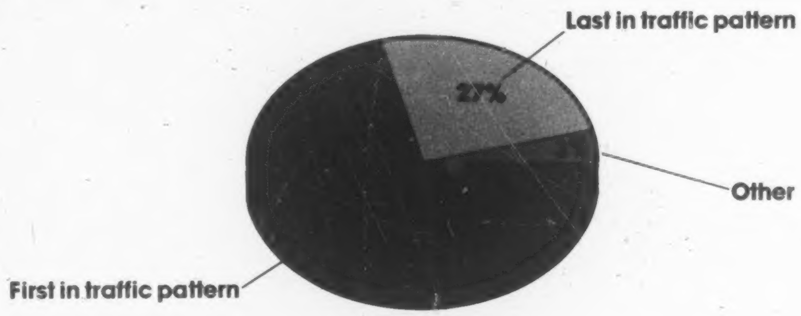
Average Weekly Sales Per Square Foot of Space by Format

Super Store	**$3.85**
Superwarehouse	**$2.28**
Conventional	**$5.25**

Average Weekly Sales Per Square Foot of Space



Preferred Location for Bakery



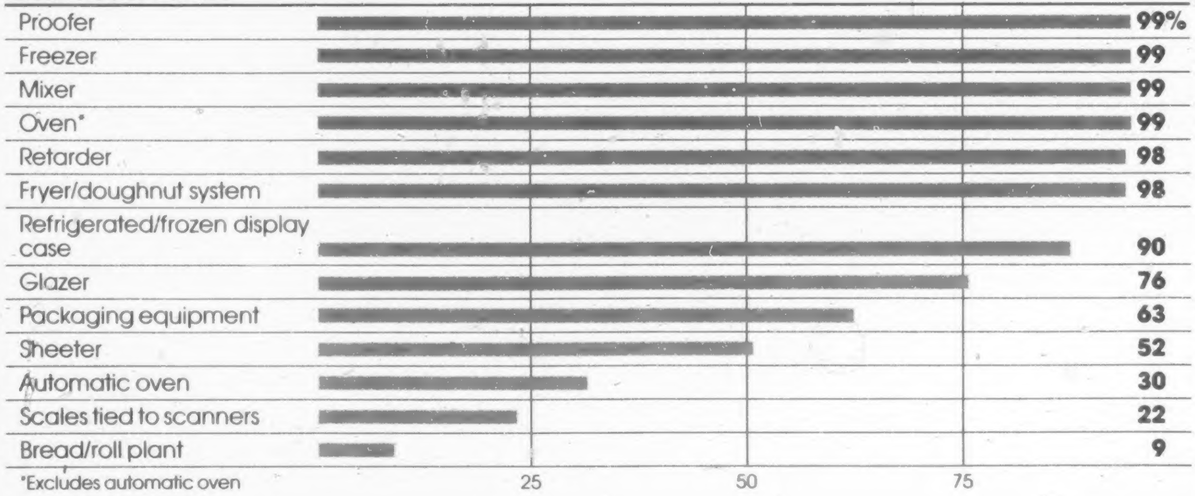
The Delibake Concept

Stores Combining Delis and Bakeries into a Joint Delibake Department

Joint delibake	**30%**
Separate departments	**70**
Total	**100%**

The Well-Equipped Instore Bakery

Percent of Stores That Have



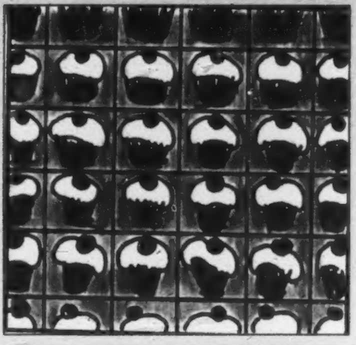
*Excludes automatic oven

With the average bakery unit now including some 1,375 square feet of prep and counter space, retailers have the ability to prepare more items from scratch on premises, and to produce more items. This has led to a 2.2 percent drop in the sales per square foot in 1987, but has helped the increase in total bakery sales, and profitability.

The production equipment that can now be found in the average bakery unit reaffirms the emphasis that operators have placed in making products in the units, often from scratch or a mix. It appears that new products are more likely to be added when the unit has the ability to make those products, as opposed to taking in finished products from outside suppliers as many did with specialty products a few years ago.

Location of Bakeries by Store Format

Percent Located in:	
Conventional	**54%**
Super Stores	**34**
Superwarehouse	**12**
Total	**100%**



BAKERY/PRODUCTION & SUPPLY

Bake-off continued to decline slightly as the major method of production among all classes of products. While still the most often used method, bake-off has given way to scratch and mix preparations. More and more bakery ingredients are being shipped directly into stores than ever before, with now 44 percent of all ingredients bypassing the warehouse.

Scratch/mix production is now the major method used by 24 percent of the units. This is an increase over the 20 percent who used scratch/mix only one year earlier. While bake-off production still is the major method for 43 percent, and a combination of scratch/bake-off is used by 33 percent, both methods have declined during the past year. The experimentation with scratch and mix production that many operators have been doing over the last couple of years has caused many of them to switch to more on-premises production of products. The combination of production methods allows retailers to offer a wider range of products, even in the increased, but still rather limited production facilities.

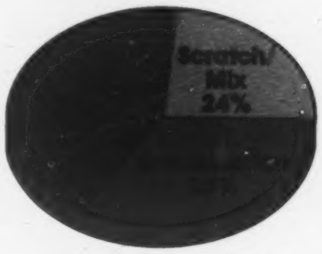
Methods of Production*

*NOTE: Includes multiple answers

	Bake-off	Mix	Scratch
Bread and rolls	**71%**	**33%**	**33%**
Yeast-raised doughnuts	**60**	**55**	**14**
Cake doughnuts	**27**	**59**	**18**
Sweet goods	**63**	**36**	**23**
Cookies	**76**	**24**	**38**
Pies	**86**	**15**	**24**
Layered cakes	**50**	**41**	**24**
Croissants	**82**	**9**	**23**
Brownies	**43**	**49**	**24**
Bagels	**91**	**6**	**9**
Muffins	**36**	**59**	**27**

Major Method of Production

Percent Using



Suppliers to Instore Bakeries

Percent Using*

	Bakery Distributor/ Supplier	Grocery Wholesaler	Ingredients Manufacturer	Wholesale Baker
Bake-off	**47%**	**60%**	**23%**	**13%**
Mix	**78**	**20**	**41**	**3**
Scratch	**68**	**30**	**45**	**8**

*NOTE: Includes multiple answers

Warehouse vs. Direct Delivery

Percent of Baking Ingredients Supplied

Through warehouse	**56%**
Direct to stores	**44**
Total	**100%**

BAKERY/MERCHANDISING & CUSTOMERS

The bakery is promoting itself more aggressively, utilizing a broader range of promotional media. This has helped to increase consumer awareness and sales, but done little to attract the majority of store shoppers.

It still remains puzzling to bakery merchandisers that only one in every four people that comes through the store makes a purchase at the instore bakery. Promotional activities have been increased, sampling, circulars and newspaper ads for the department often exceed their fair share based on share of store sales, but the department still cannot bring in that other 75 percent of store patrons.

How Supermarket Customers Spend

Percent Who Shop the Instore Bakery

Mean **24.9%** Median **25.0%**

How Much They Spend

Mean **$1.81** Median **$1.59**

Advertising and Promotion Sell Instore Bakery

Percent Using

Sampling	**98%**
Newspapers	**92**
Point-of-purchase	**80**
Circulars	**72**
Radio	**36**
Television	**20**

Bakeries' Share of Ad Space Compared to Share of Sales

Greater	**46%**
Less	**16**
Equal	**38**
Total	**100%**

Do You Consider Your Bakeries

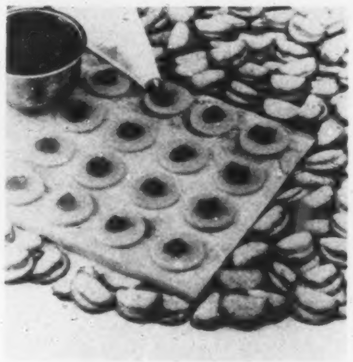
Image/Traffic Builders	**18%**
Profit Centers	**12**
Both	**70**
Total	**100%**

NEW PRODUCTS

1

2

3



1. **Pocket picks:** Pepperidge Farm's Apple, Cheese and Cinnamon Pocket Danish are available tray packed in bulk. *Pepperidge Farm Foodservice, 595 Westport Ave., Norwalk, Conn. 06856.*

2. **Just desserts:** Fancy Swirl Desserts from Athens Pastries come in walnut, walnut & chocolate, coconut and pecan varieties. *Athens Pastries and Frozen Foods, 1600 Snow Rd., Cleveland, Ohio 44142.*

3. **Jam session:** Fruit Flips are flaky butter cookies filled with apricot or raspberry jam, with other fillings available on volume orders. *Fantasy Cookie Co., 12800 Arroyo St., Sylmar, Calif. 91342.*

BAKERY SURVEY

Continued from page 8A

declining interest in croissants in 1987. Similiarly, cookies were reported as a fast growing category in 1986, while one year later they are reported to be one of the most likely categories to be cut back. How can cookies be added by so many units one year and be cut by so many the next, and how can an item like croissants be both up and down at the same time?

The answer appears to be evolution! Not unlike Darwin's apes, an instore bakery tends to evolve in the range of products that it is willing to prepare and offer. Unlike animal species, bakery units do not evolve as a single group; one unit may be at one stage, the bread and roll stage, while other units are embarking on specialty cakes and puff pastry. One group of units are introducing their clientele to a range of croissants, while another group has reached the saturation point in croissants and has a good experience base to know what varieties of the product their customers will want.

Bakeries may be unique in that the evolution, and ultimate direction of that unit, depends on a combination of the technical expertise that the management is willing and able to provide, and the level of sophistication in the tastes of the consumers in that area. This latter element is constantly changing, often through an educational process that is initiated by the bakery itself. There is no doubt that the combination of elements in the evolution of a bakery unit is heavily influenced by regional differences in the initial tastes and experiences of local consumers.

Down still means up

Even with average weekly sales for instore bakeries increasing to $4,875 (up 2.6 percent) in 1987, not all the economic measures are so upbeat, especially those having to do with efficiency. We have seen that there are more bakeries, selling more products and taking in more retail dollars than ever before. Other factors that we haven't looked at yet include size and staff.

Bakeries are getting bigger. The average unit now occupies 1,375 square feet, which is a gain of about 5.8 percent over 1986. When compared to the weekly sales gain of 2.6 percent it is easy to see why sales per square foot are down 2.2 percent. This extra space is presumably needed for the extended product lines and the facilities to produce those products.

Labor is one of the most important ingredients in the success of an instore bakery, and as many people know, one of the most costly. The average instore bakery now employs the equivalent of seven full-time employees, up a whopping 12.9 percent from last year. Not only are there more employees, but they cost more. The balance is shifting towards more full-time employees and fewer part-timers.

The average unit now has four full-timers compared to 2.9 in 1986. This shift, coupled with the increase in the number of more highly paid skilled bakers, has caused labor costs to increase to a level that now accounts for fully one third of all instore bakery sales dollars. Consequently, the increase in employees has lowered the average weekly dollar sales per employee, down 9.2 percent, to a low of just $696.

The upward trend in labor costs, and downward slide in sales per square foot, seemingly have made the bakeries less cost-efficient, causing the average gross profit of products sold to fall to 47.6 percent from the 50.8 percent of 1986. Granted, a gross margin of over 47 percent is nothing to sneeze at, and many operators wish that it would happen to all the departments in their stores.

More complicated preparation

The increase in space and labor is necessitated by the movement to providing products that are more complicated to prepare, and that require more service to sell, and the willingness of bakeries to provide more variety to their customers.

There is, it appears, a tradeoff between making the bakeries attractive to the consumers, while offering a variety of premium products and services versus the costs of providing the

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EXECUTIVE MOVES

Retailers

Marsh Supermarkets Inc. (Yorktown, Ind.) Chet Robie has resigned as Director of Deli/Bakeries.

Associations

Retail Bakers of America (Hyattsville, Md.) Robert A. Wedeking has been named President.

Manufacturers & Suppliers

Bakery Crafts (Cincinnati) Samuel M. Guttman has been named President; **James D. Ginney** has been appointed Vice President.

Samuel M. Guttman

Cutler Industries (Niles, Ill.) Robert Van Osdell has been appointed Midwest Regional Sales Manager.

Fleischmann's Yeast Inc. (Alameda, Calif.) Sally A. Parr has been appointed National Food Service Sales Manager.

Sally A. Parr

Gemini Bakery Equipment Co. (Philadelphia, Pa.) Keith Haley has been appointed Foodservice Director.

Hussmann Corp. (Bridgeton, Mo.) Jack D. Michaels has been appointed Group President, Hussmann International.

M&E Mfg. Co. Inc. (Kingston, N.Y.) Buzz Case has been named New England Regional Sales Manager.

Pennant Products Inc. (Rochester, N.Y.) Michael J. Murphy has been named Director of Marketing; **Brad Pervell** has been named Area Sales Manager for Florida; **Tony Veltri** has been named Technical Sales Manager for the Mid-Atlantic region.

Pepperidge Farm Inc. (Norwalk, Conn.) Ralph J. DiVito has been appointed Vice President, Bakery Sales.

Ralph DiVito

Wilder Manufacturing Co. Inc.(Port Jervis, N.Y.) Fred R. Harding Jr. has been named President.

Zebbies Inc. (Dallas, Tex.) Ron Adkins, John R. Albers and Dr. Eugene Wisakowsky have been elected to the board of directors. ▣

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products and services, and what these costs do to operating efficiency. The question becomes, does the extra business that the bakery does justify the extra resources that are needed to do that extra business?

If the bakery is looked at as an isolated department, then the answer to this question could be argued either way, but as retailers told INSTORE BUSINESS, the bakery is still very much seen as a drawing department for the rest of the store. According to our survey, 70 percent of the operators saw their instore bakeries as being both a traffic/image builder and a profit center. Therefore, anything done to enhance the bakery has positive ramifications throughout the store, and on the store's bottom line.

Bottom-line shine

The bottom line is where the instore bakery still shines, and where the effects of the extra floor space and labor costs are evident. In 1987, instore bakeries accounted for an average of 2.5 percent of the total sales of the stores they were in. This was up about four percent from the previous year.

During 1987, this 2.5 percent of total store sales accounted for an average of 3.9 percent of the profits of those stores. This represented an increase of over 11 percent from the 1986 figure. It appears that the instore bakery is one of those places where the old adage still stands: you put more in, you take more out. More total sales, more profit despite some negative labor and floor plan productivity figures.

Of course, there is a level at which more added services, and more products truly becomes counter-productive. This year's Annual Operations Review shows somewhat of a slowing down on the return on those extra dollars than previous reviews have shown. We may be reaching the saturation point where extra products and services no longer add dramatically to bakery revenues. When this does occur, the new profit levels will come from further fine-tuning of the existing products and services, and through more astute marketing techniques. ▣

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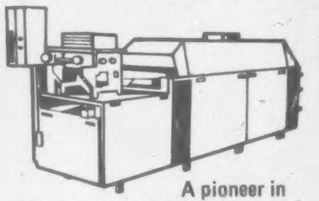

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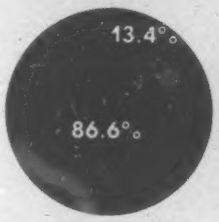
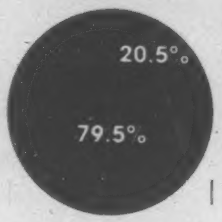
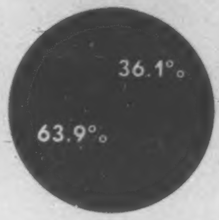
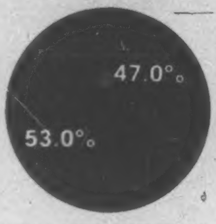
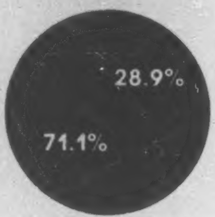
DRY GROCERY—NONFOOD

	Aluminum Foil	Paper Napkins	Paper Towels	Laundry Detergent	Auto. Dishwashing Detergent
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS	 13.4% 86.6%	 20.5% 79.5%	 36.1% 63.9%	 47.0% 53.0%	 28.9% 71.1%
HEAVY USERS	■ 23.9% ■ 76.1%	■ 30.5% ■ 69.5%	■ 47.4% ■ 52.6%	■ 55.9% ■ 44.1%	■ 44.5% ■ 55.5%

How multi-brand users vary from all users by demographics (in percent)

	Aluminum Foil	Paper Napkins	Paper Towels	Laundry Detergent	Auto. Dishwashing Detergent
EDUCATION					
DID NOT GRAD HS	− 2*	−13	−14	− 7	+ 1
GRAD HS	− 3	− 1	+ 3	+ 2	− 1
ATT'D COLLEGE	+ 5	+ 9	+ 7	+ 2	+ 1
AGE					
18-34	− 4	−19	− 5	+ 2	+12
35-54	+10	+ 9	+ 5	+ 2	+ 2
55+	− 8	+ 7	−16	− 4	−17
HOUSEHOLD INCOME					
UNDER 20	−13	− 9	−10	−11	−24
20-40	+16	−32	+ 6	+ 6	+13
40+	− 7	+11	+ 4	+ 4	− 2
REGION					
NORTHEAST	− 3	+12	+14	+13	+ 6
NORTH CENTRAL	+14	+20	+13	+11	+11
SOUTH	− 1	−14	−11	− 4	− 2
WEST	−18	−20	−11	−22	−15
MARITAL STATUS					
SINGLE	−33	−20	− 6	−12	−30
MARRIED	+10	+ 8	+ 6	+ 6	+ 7
OTHER	−13	−15	−12	− 9	−23
SIZE OF HOUSEHOLD					
1 PERSON	−30	−22	−21	−14	−41
2 PERSONS	− 3	+ 7	+ 5	+ 4	− 2
3+ PERSONS	+10	+ 2	+ 3	+ 4	+ 7
RACE					
WHITE	− 4	− 2	+ 1	—	—
BLACK	+31	+11	− 3	+ 4	+ 5

Base = Female homemakers

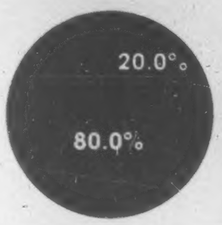
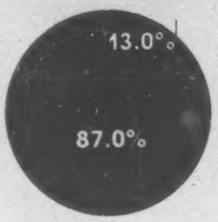
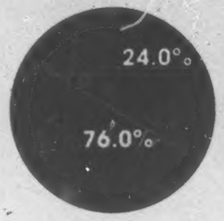
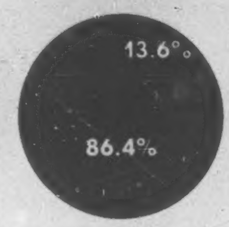
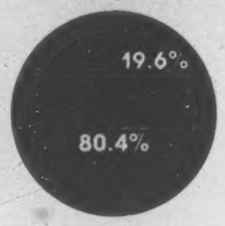
*Read as, "Non-high school graduates are 2 percent less likely than all purchasers to be multi-brand users."

Source: Mediamark Research Inc.

PAPER AND PLASTIC: In this heavily promoted and couponed supermarket aisle, customers maintain for the most part a high degree of loyalty to one brand, as evidenced by aluminum foil and paper napkins (above), as well as paper cups, waxed paper and disposable wipes (not shown). Toilet paper, paper towels and disposable wipers, however, are areas where buyers frequently shift brands in response to price incentives.

SOAPS AND LAUNDRY SUPPLIES: Whether or not consumers believe that the detergents that dominate weekly coupon drops can make their wash any whiter than last week's, they do apparently have faith in the ability of the coupons to cut their grocery bill. So half of all users of laundry detergent confess to multiple-brand usage. Users of automatic dishwashing detergent are more likely to stay with a proven brand.

DRY GROCERY–NONFOOD

	Cigarettes[1]	Chewing/Smokeless Tobacco[2]	Dog Food, Dry[3]	Oven Cleaners[3]	Light Bulbs[3]
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS					
HEAVY USERS	■ 26.5% ■ 73.5%	■ 12.8% ■ 87.2%	■ 25.9% ■ 74.1%	■ [illegible] ■ 59.0%	■ 32.0% ■ 68.0%

How multi-brand users vary from all users by demographics (in percent)

	Cigarettes	Chewing/Smokeless Tobacco	Dog Food, Dry	Oven Cleaners	Light Bulbs
EDUCATION					
DID NOT GRAD HS	+18*	+32	−9	+19	−27
GRAD HS	−7	−2	−1	−7	—
ATT'D COLLEGE	−6	−35	+7	−10	+19
AGE					
18-34	+15	+33	+21	−6	−17
35-54	−12	−73	+2	+10	+22
55+	−12	−10	−33	−7	−8
HOUSEHOLD INCOME					
UNDER 20	+13	+5	−3	+10	−30
20-40	+2	+7	+1	+9	+2
40+	−16	−17	+1	−24	+24
REGION					
NORTHEAST	+9	−39	+11	−21	+22
NORTH CENTRAL	+2	+66	+1	+24	+12
SOUTH	+21	−19	−3	+3	−21
WEST	−34	−22	−6	−15	−30
MARITAL STATUS					
SINGLE	+17	+79	+9	+2	−41
MARRIED	−3	−35	+1	−2	+14
OTHER	−11	−19	−8	—	−22
SIZE OF HOUSEHOLD					
1 PERSON	−25	+9	−13	−22	−28
2 PERSONS	−7	−13	−15	+2	−2
3+ PERSONS	+7	+5	+8	+4	+9
RACE					
WHITE	−1	−2	−1	−9	+5
BLACK	+8	+22	+25	+48	−39

[1] Base = Adults. [2] Base = Men.
[3] Base = Female homemakers.
*Read as, "Non-high school graduates are 18 percent more likely than all purchasers to be multi-brand users."

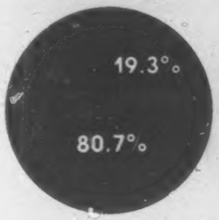
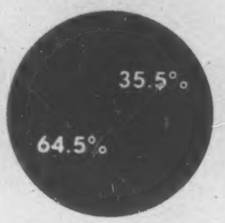
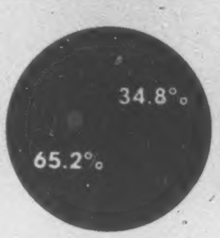
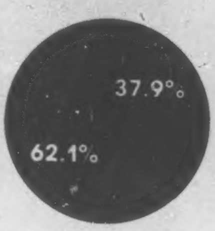
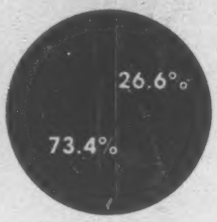
Source: Mediamark Research Inc.

TOBACCO PRODUCTS: No product category incites more fervent brand loyalty, with only 13.0 percent of men who favor chewing and smokeless tobacco confessing to more than one brand, and only one in five cigarette smokers doing so. The young tend to experiment among brands the most.

PET PRODUCTS: On average, only one in four dog feeders varies Fido's diet with different brands, but one-third of canned and dry cat food purchasers hedge their bets with additional brands in their quest to tempt the finicky ones.

HOUSEHOLD CLEANERS/SUPPLIES: For task-specific cleaning jobs (such as ovens, shown above, and including glass, drains and floors) relatively few users stray from a brand that's proved itself satisfactory. Blacks are most open to new brands.

HEALTH AND BEAUTY AIDS

	Mouthwash	Toothpaste	Cold/Allergy Remedies	First Aid Products	Sunscreen/Suntan Products
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS	 19.3% 80.7%	 35.5% 64.5%	 34.8% 65.2%	 37.9% 62.1%	 26.6% 73.4%
HEAVY USERS	■ 31.6% ■ 68.4%	■ 54.2% ■ 45.8%	■ 47.6% ■ 52.4%	■ 48.8% ■ 51.2%	■ 34.2% ■ 65.8%

How multi-brand users vary from all users by demographics (in percent)

	Mouthwash	Toothpaste	Cold/Allergy Remedies	First Aid Products	Sunscreen/Suntan Products
EDUCATION					
DID NOT GRAD HS	−4*	−12	−12	−3	−10
GRAD HS	+2	+3	+3	−2	−6
ATT'D COLLEGE	−4	+4	+6	+6	+9
AGE					
18-34	−2	+7	+15	+7	+18
35-54	+8	+4	−5	+1	−8
55+	−6	−17	−21	−10	−35
HOUSEHOLD INCOME					
UNDER 20	−3	−9	−12	−4	+5
20-40	+5	+4	−1	−1	−9
40+	−3	+3	+11	+6	+5
REGION					
NORTHEAST	+8	−3	−1	+5	−7
NORTH CENTRAL	−3	−1	−1	−5	+2
SOUTH	+10	+7	—	−5	—
WEST	−29	−8	+3	+10	+5
MARITAL STATUS					
SINGLE	−8	−2	+6	+9	+19
MARRIED	+1	+3	+3	+1	−6
OTHER	+6	−8	−17	−12	−3
SIZE OF HOUSEHOLD					
1 PERSON	−16	−24	−25	−24	−14
2 PERSONS	−6	−7	+1	−3	+1
3+ PERSONS	+7	+8	+4	+6	+1
RACE					
WHITE	−5	−2	—	+3	+2
BLACK	+31	+11	—	−10	−47

Base = Adults

*Read as, "Non-high school graduates are four percent less likely than all purchasers to be multi-brand users."

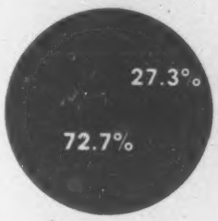
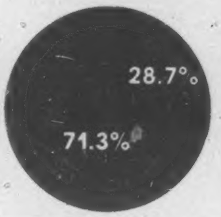
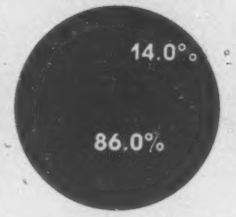
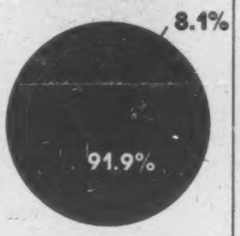
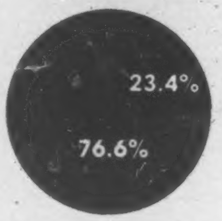
Source: Mediamark Research Inc.

ORAL: This sector has proved a cauldron of new product activity in recent years. Still, most consumers stick with one brand, with toothpaste turning up the most multi-brand users (35.5 percent). Among mouthwash users, blacks cross brand lines most often. Users of denture products, floss and rinse (not shown) all demonstrate extreme reluctance to stray from a satisfactory brand.

REMEDIES: About one-third of medicine cabinets hold two or more brands of cold remedies (above) or headache remedies (not shown) sharing space as users search for the optimum cure. But most other categories—including diarrhea remedies, laxatives, nasal sprays and vitamins—show only wisps of multi-brand usage, underlining the necessity of stocking the widest possible range of brands in these sections.

FIRST AID/SKIN CARE: A dedication to preparedness encourages a high 37.9 percent of first aid products purchasers to use more than one brand.

HEALTH AND BEAUTY AIDS

	Men's Deodorants	Men's Shampoo	Men's Shaving Creams or Gels	Men's Razor Blades	Men's Med. Skin Ointments
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS					
HEAVY USERS	■ 81.7% ■ 18.3%	■ 33.0% ■ 67.0%	■ 30.2% ■ 69.8%	■ 26.7% ■ 73.3%	■ 34.5% ■ 65.5%

How multi-brand users vary from all users by demographics (in percent)

	Men's Deodorants	Men's Shampoo	Men's Shaving Creams or Gels	Men's Razor Blades	Men's Med. Skin Ointments
EDUCATION					
DID NOT GRAD HS	+19*	—	−2	+26	−6
GRAD HS	+2	+1	−13	−10	+11
ATT'D COLLEGE	−13	−1	+14	−7	−7
AGE					
18-34	+4	+13	−5	+5	−2
35-54	−3	−1	+7	−6	+13
55+	−1	−20	−1	—	−9
HOUSEHOLD INCOME					
UNDER 20	+11	−8	−11	−2	−27
20-40	+6	+2	−4	—	+3
40+	−19	+2	+11	+1	+6
REGION					
NORTHEAST	+1	+10	+6	−14	+6
NORTH CENTRAL	−5	+2	+8	−1	−12
SOUTH	+15	+7	+15	+14	−3
WEST	−22	−25	−24	−11	+13
MARITAL STATUS					
SINGLE	−7	−6	+6	+10	+24
MARRIED	+4	+5	+1	—	−3
OTHER	−10	−14	−19	−21	−24
SIZE OF HOUSEHOLD					
1 PERSON	−20	−29	−14	−30	+6
2 PERSONS	−11	−16	−2	+12	+6
3+ PERSONS	+8	+12	+4	−2	−4
RACE					
WHITE	−6	−5	−1	−1	+5
BLACK	+50	+16	+16	−7	−31

Base = Men
*Read as, "Non-high school graduates are 19 percent more likely than all purchasers to be multi-brand users."

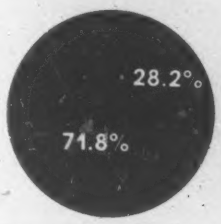
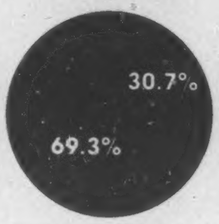
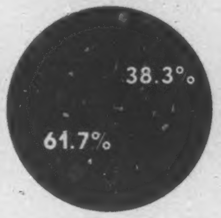
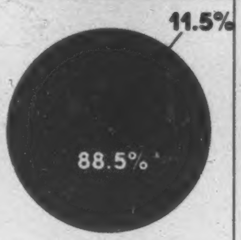
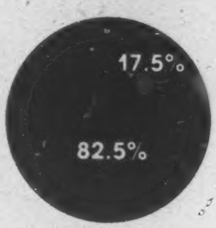
Source: Mediamark Research Inc.

HBA-MEN: The perfect shave—like the perfect wave—can be illusive for many men. That's why, once they find a combination of blade and cream that suits their beard, they're reluctant to dabble in other brands. Only 8.1 percent have recently used a second brand of blade, and only 14.0 percent another cream. A greater propensity for variety is found in body creams, where 31.8 percent are multi-brand users (not shown) and in after shave lotions and colognes, which peaks at 37.6 percent, perhaps helped by gifts as well as purchases. While 28.7 percent of men sometimes stray to a second brand of shampoo, for other hair care preparations such as tonics, sprays and conditioners, only seven to 15 percent do so.

One in four men using medicated skin ointments seeks help for his problems by using more than one brand (above). Single men show a 24 percent greater incidence than any other demographic group to shop around for an ointment that does the job.

MULTI-BRAND USERS STUDY

HEALTH AND BEAUTY AIDS—GENERAL MERCHANDISE

	Lipstick, Lip Gloss[1]	Women's Deodorants[1]	Women's Shampoo[1]	Women's Hair Coloring[1]	Flea/Tick Products[2]
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS	 28.2% 71.8%	 30.7% 69.3%	 38.3% 61.7%	 11.5% 88.5%	 17.5% 82.5%
HEAVY USERS	■ 40.9% ■ 59.1%	■ 74.1% ■ 25.9%	■ 47.7% ■ 52.3%	■ 17.2% ■ 82.8%	■ 38.3% ■ 61.7%

How multi-brand users vary from all users by demographics (in percent)

	Lipstick, Lip Gloss	Women's Deodorants	Women's Shampoo	Women's Hair Coloring	Flea/Tick Products
EDUCATION					
DID NOT GRAD HS	−20*	+5	−7	−14	−26
GRAD HS	+5	+5	+3	+8	+3
ATT'D COLLEGE	+7	−11	+1	+1	+12
AGE					
18-34	+8	+5	+17	+52	+9
35-54	+10	+1	+1	−12	+1
55+	−20	−9	−25	−31	−15
HOUSEHOLD INCOME					
UNDER 20	−16	+8	−7	—	−29
20-40	—	+7	+6	−13	+9
40+	+13	−16	—	+13	+9
REGION					
NORTHEAST	−4	−2	−2	+7	−3
NORTH CENTRAL	—	+6	—	−1	−1
SOUTH	−2	+10	+7	−8	−10
WEST	+6	−25	−12	+25	+24
MARITAL STATUS					
SINGLE	+10	+4	+8	+24	+17
MARRIED	—	—	+1	−7	−2
OTHER	−8	−2	−10	+4	−3
SIZE OF HOUSEHOLD					
1 PERSON	−21	−12	−20	−26	−5
2 PERSONS	−9	−5	−11	−7	+13
3+ PERSONS	+9	+5	+9	+10	−3
RACE					
WHITE	—	−4	—	—	−2
BLACK	−9	+31	−6	−13	+5

[1] Base = Women.

[2] Base = Female homemakers.

*Read as, "Non-high school graduates are 20 percent less likely than all purchasers to be multi-brand users."

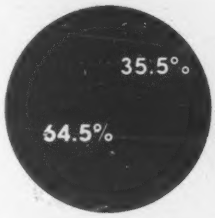
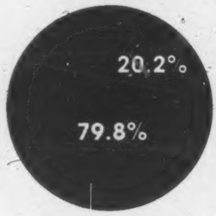
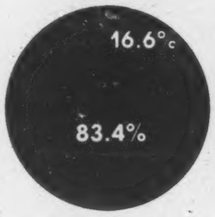
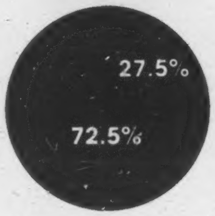
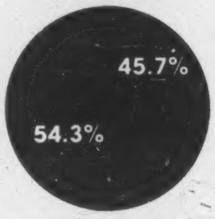
Source: Mediamark Research Inc.

COSMETICS: In the case of lipstick, only 28.3 percent of users apply more than one brand. The incidence is slightly higher for eye shadow (29.4 percent) and nail polish (34.4 percent). Younger women, predictably, are most enthusiastic about trying additional brands to gauge their effectiveness. For other products such as eye liner, mascara and toners, however, only 10 to 15 percent stray from a brand that's proved itself.

HAIR CARE: At 38.3 percent, shampoo shows one of the highest incidences of multi-brand usage among women's HBA products.

GENERAL MERCHANDISE: Fear of tick-carried Lyme disease has helped give the flea and tick care products section added visibility. Only one in five pet owners fights these pests with more than one brand.

GENERAL MERCHANDISE

	Batteries[1]	Film[2]	Motor Oil[2]	Pantyhose/ Stockings[3]	Video Tapes/Discs[2]
ALL USERS ■ MULTI-BRAND USERS ■ ONE-BRAND USERS					
HEAVY USERS	■ 57.2% ■ 42.8%	■ 32.2% ■ 67.8%	■ 27.3% ■ 72.7%	■ 38.4% ■ 61.6%	■ 67.9% ■ 32.1%

How multi-brand users vary from all users by demographics (in percent)

	Batteries	Film	Motor Oil	Pantyhose/Stockings	Video Tapes/Discs
EDUCATION					
DID NOT GRAD HS	−19*	−5	−28	−31	−12
GRAD HS	+1	−3	−2	—	+3
ATT'D COLLEGE	+11	+5	+20	+21	+1
AGE					
18-34	+2	+10	+9	+13	—
35-54	+17	+1	+16	+7	+2
55+	−23	−19	−33	−25	−6
HOUSEHOLD INCOME					
UNDER 20	−20	−15	−31	−26	−22
20-40	+5	+2	+4	−2	+4
40+	+12	+6	+19	+24	+2
REGION					
NORTHEAST	−6	+6	+5	+4	−4
NORTH CENTRAL	+6	+9	+16	+7	+7
SOUTH	−5	−19	−8	−8	−3
WEST	−12	+12	−9	+1	—
MARITAL STATUS					
SINGLE	−26	−1	+10	+8	−1
MARRIED	+9	+2	+3	+6	+2
OTHER	−19	−5	−25	−21	−12
SIZE OF HOUSEHOLD					
1 PERSON	−37	−18	−30	−33	−9
2 PERSONS	−16	−12	−13	+3	−6
3+ PERSONS	+16	+8	+11	+6	+3
RACE					
WHITE	—	−1	+1	+3	+3
BLACK	−2	+1	−4	−28	−24

Source: Mediamark Research Inc.

[1] Base = Female homemakers.
[2] Base = Adults.
[3] Base = Women.
*Read as, "Non-high school graduates are 19 percent less likely than all purchasers to be multi-brand users."

GENERAL MERCHANDISE: One of the fastest-growing categories of general merchandise is a relative newcomer: video tapes. Willingness to purchase multiple brands may reflect users' inability to judge technical differences between brands. The same reasoning may operate for batteries, where 35.5 percent eschew brand loyalty, particularly those with above-average income and education. The perceived value of repurchasing a brand that has proved itself is much higher for products used to maintain the family automobile, such as wax/polish, gasoline and motor oil additives, anti-freeze and motor oil. Only 16.6 percent of motor oil users claim multi-brand usage. Relatively few women (27.5 percent) make the run from brand to brand of pantyhose and stockings. Those who do are often younger, richer and better educated than their brand-loyal sisters.

SAMI UPDATE

HBA Leads All Departments in 1987 Dollar Growth

Health and beauty aids second only to refrigerated foods in unit volume.

BY ALAN B. MILLER, JR.

The year 1987 was a satisfying one for health and beauty aids (HBA) which enjoyed substantial increases in both unit and dollar volumes. The HBA 2.3 percent unit volume increase in food stores was second only to refrigerated foods which had an annual unit volume increase of 3.0 percent. In 1986, the unit gain in all HBA categories combined was a scant 0.2 percent. (See chart on page 95 for category breakouts for the most recent four-week period.)

The 1987 HBA dollar gain was 5.3 percent as compared with the prior year's 3.2 percent. Overall, dollars in the 475 categories measured by SAMI combined were only able to expand 2.3 percent. In the final four weeks of the year, the 2.3 percent unit growth rate for health and beauty aids lagged behind the 2.6 percent and 3.6 percent upswings registered in the November and December reporting periods, but the 28-day dollar gain was exceeded only by a 6.8 percent jump in frozen foods.

Unlike the November reporting period, when all eight HBA product groups recorded sales increases, there were two negative trends in December—a 2.8 percent loss for shaving needs and a 0.8 percent loss for proprietary remedies. The greatest four-week gain rate was the 6.6 percent jump in oral hygiene products, followed by a 6.2 percent increase in first aid items.

There was a positive trend among individual product categories as well—30 categories recorded increases while 22 showed losses. The best performance was logged in the mouthwash category where unit volume soared 20.8 percent. Impressive hikes of 18.5 percent and 18.3 percent were made in eye care products and hair spray, respectively. Four product categories showed double-digit losses in December: infant clothes (-18.8 percent), chest rubs (-14.4 percent), cream deodorants (-10.9 percent) and baby powders (-10.5 percent).

In the baby needs product group there was little change from the trends found in the November reporting period. The weak categories continue to be infant clothes and baby powders. The growth in baby oils, creams and lotions can be credited to such new products as Baby Magic Rich N' Creamy, as well as to gains in the Johnson & Johnson line and, to a lesser extent, Desitin and A&D ointment. The Playtex line provided the added sales that kept the volume for nursing supplies ahead of where it was a year ago.

In general, trends among personal deodorants improved since November, and the prod-

Continued on page 96

When it comes to topical pain relief stock Americaine.®

Americaine
stops the pain and itching of minor cuts scrapes and burns. Works fast with maximum strength benzocaine.
Americaine

For over 42 years hospitals and pharmacists have recommended Americaine topical anesthetic for cuts, scrapes, burns, insect bites and minor skin irritations. They've dispensed Americaine hemorrhoidal ointment for relief from the pain and itching of hemorrhoids. These health-care professionals know that Americaine contains 20% benzocaine pain reliever — no other topical anesthetic contains more. This history provides Americaine with a proven track record and a loyal customer base.

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SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 11/6/87	4 WEEKS ENDING 12/4/87	4 WEEKS ENDING 1/1/88
Baby Powders	− 7.0	−12.1	−10.5
Baby Oils, Creams & Lotions	+22.1	+11.5	+11.7
Infant Clothes	−24.5	−23.3	+18.8
Nursing Supplies	+ 2.1	+ 1.7	+ 0.7
Sprays	− 6.2	− 8.7	− 0.1
Roll-Ons	+ 3.1	+ 1.4	− 1.7
Stick Deodorants & Pads	+10.2	+ 7.6	+12.0
Creams	−11.0	−13.5	−10.9
Deodorants & Talcum Powders	+15.1	+22.6	+12.3
Feminine Hygiene Deodorants	+ 0.6	+ 5.4	+ 6.3
Foot Deodorants & Athlete's Foot Remedies	+10.3	+11.3	+11.6
Feminine Douches	+ 9.5	+ 6.1	+ 6.0
Antiseptics	+ 5.4	+ 8.3	+ 5.6
First Aid Products	+ 6.8	+ 5.9	+ 6.3
Shampoos	− 6.3	0.0	− 2.3
Hair Sprays	+20.0	+18.7	+18.3
Hair Conditioning Rinses	− 0.6	+ 7.5	+ 1.4
Hair Setting Needs	+ 3.9	+ 7.8	+ 7.8
Home Permanent Kits	− 9.7	+ 0.1	− 5.5
Hair Coloring	− 4.4	+ 5.3	+ 2.2
Hair Dressing Needs	− 4.1	− 1.6	− 4.4
Toothpastes & Powders	− 3.3	+ 2.5	+ 5.2
Mouthwashes	+18.9	+25.0	+20.8
Breath Fresheners	− 2.2	+ 3.2	− 6.1
Denture Cleaners	− 2.5	− 2.9	0.0
Denture Adhesives	− 1.1	− 0.5	+ 2.3
Toothbrushes	− 3.1	− 1.9	− 2.0
Dental Aids	+27.1	+12.1	+ 6.6
Antacids	+ 2.3	+ 2.7	+ 1.2
Internal Analgesics	− 8.2	− 1.8	− 3.5
External Analgesics	− 3.3	+ 1.4	− 0.7
Cold Remedies	+12.4	+ 1.8	+ 2.3
Nasal Sprays—Drops—Inhalers	+ 9.3	+ 5.3	− 3.4
Chest Rubs	+ 1.8	− 2.7	−14.4
Cough Remedies	+ 4.3	− 3.1	− 6.2
Laxatives	+ 2.0	+ 5.3	+ 3.9
Sleeping Aids	+16.2	+19.9	+16.4
Tranquilizers	+10.1	+ 2.5	− 0.2
Synthetic Vitamins	+ 3.5	+ 5.0	+ 2.8
Eye Care Products	+13.9	+16.0	+18.5
Appetite Suppressants	+12.2	+10.0	+14.8
Shaving Creams	+ 4.7	+ 9.3	+ 3.6
Pre-Shave Lotions	− 0.8	+ 3.6	+ 3.2
After-Shave Lotions	− 3.0	+ 3.1	− 0.8
Razor Blades	− 1.6	+ 3.0	− 5.7
Razors & Blades	−11.4	+ 0.1	− 4.6
Hand & Body Creams & Lotions	+22.7	+13.2	+10.1
Facial Preparations	− 4.7	− 4.3	− 5.4
Lip Care Products	+16.9	− 4.4	− 3.5
Suntan Lotions & Oils	+ 2.7	−21.4	+13.2
Cosmetic & Medicated Skin Aids	+ 6.2	+ 5.1	+ 5.5

Allergy & Hay Fever Relief
☐ Nasal Congestion
☐ Headache Pain
New!
no drowsiness
allerest
Nasal Decongestant
Non-Aspirin Pain Reliever
20 tablets

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No Drowsiness Allerest™

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allerest

PENNWALT CORP
PHARMACRAFT DIVISION

Continued from page 93

uct group unit gain rose from 2.6 percent to 5.3 percent. Three deodorant product categories had double-digit gains: deodorant and talcum powder (12.3 percent), stick deodorants and pads (12 percent) and foot deodorants and athlete's foot remedies (11.6 percent).

New products such as Lady Mitchum and Suave stick deodorants, Shower to Shower powders and Micatin foot deodorant and athlete's foot remedy helped boost volume in their respective categories.

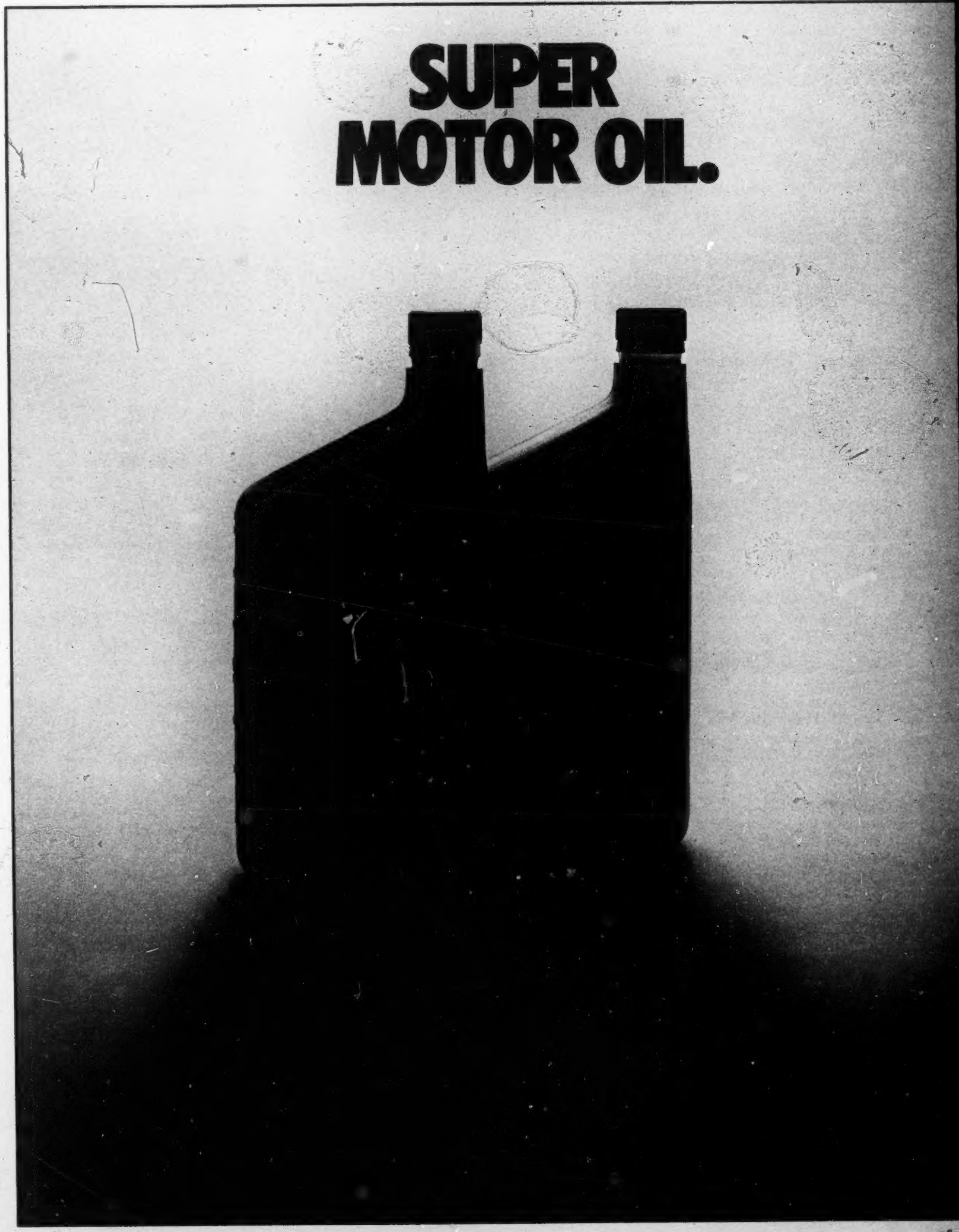
Deodorant sprays have almost regained their year-ago position, aided by new products such as Suave and Trust and established brands such as Dry Idea. Roll-ons receded slightly in spite of new product activity from Lady Mitchum, Arrid Extra Dry Glide-On and Lady Speed Roll-On. In the feminine hygiene deodorant category, FDS made the strongest showing and Massengill was first in the feminine douches and washes category.

Both first aid categories showed gains with first aid products (6.3 percent) slightly ahead of antiseptics (5.6 percent). There were no new million-dollar-a-year brands, but Band-aid and Q-Tips had gains of more than 10 percent and Neosporin and Polysporin, two Burroughs Wellcome antiseptics, also made strong showings.

Hair care slowdown

There was a slowdown in hair care needs for the four-week period, from 6.1 percent in November to 3.7 percent in December. Hair spray, spurred by new product entries from Halsa and Textra, led the group with a 18.3 percent increase. Other hair care categories which showed gains were hair setting needs (7.8 percent), hair coloring (2.2 percent) and hair conditioning rinses (1.4 percent). Clairol products showed the most strength in hair coloring and hair setting needs. Marked increases were also shown by Suave, L'Oreal Studio, White Rain, Revlon Flex, VO5 and Style in the hair setting needs category. The most important new products in the hair conditioning rinses category were Salon Selectives from Helene Curtis and Textra by Lamaur, yet these two brands were not enough to cause plus volume in the shampoo category. Ogilvie and Lilt had the strongest trends in the home permanent kits category.

Five of the seven oral hygiene categories tracked by SAMI were in the plus column—only the small-volume breath fresheners category (-6.1 percent) and toothbrushes (-2 percent) showed losses. New peppermint-flavored Scope continues to increase the brand's franchise in the mouthwash category which grew the most over the four-week period. New Colgate Tartar Control was off to a strong start, following in the footsteps of Plax, which has become a strong contender in the category. Outstanding performers among established mouthwash brands were: Listermint Fluoride, A.C.T., Chloraseptic and Viadent. A number of new and roll-out brands of toothpaste led to a 5.2 percent gain in that category. The volume improvement is particularly attributable to items for children and those



with strong therapeutic claims such as Aim Extra-Strength, Crest for Kids, Close-Up Paste, Aim Anti-Tartar, Oral-B Muppet and Close-Up Tartar Control. In the dental aids category, which grew nine percent in the four-week period, Johnson & Johnson products were an important growth line.

Of the 14 proprietary remedy categories monitored by SAMI, the gains and losses were evenly split. It would appear that December was generally a healthy month as far as coughs and colds are concerned since cold remedies showed only a moderate gain (2.3 percent). There were unit volume losses for chest rubs (-14.4 percent), cough remedies (-6.2 percent) and nasal sprays, drops and inhalers (-3.4 percent). Internal analgesics fell 3.5 percent and most major brands shared in the downward swing. Nuprin, Ecotrin and private labels were among the brands that showed growth.

There were no important new product or roll-out performers in the antacid category which grew a mere 1.2 percent. Excedrin was the one major new brand in the cold remedies category and Fibercon was a new name in the laxatives and stool softeners category. All three major brands of proprietary sleeping aids were in plus territory with Sominex exhibiting the highest rate of growth.

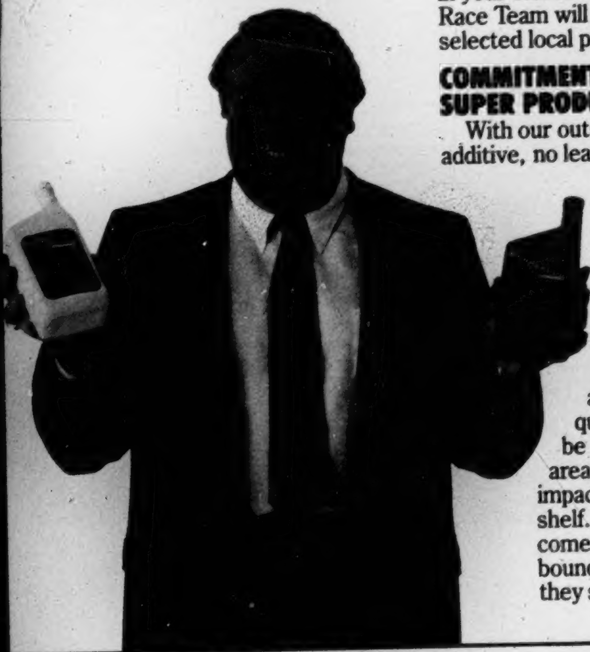
Both Bausch & Lomb and Alcon added volume in the eye care products category. Appetite suppressants, paced by Dexatrim, Fibre Trim and Acutrim, again showed strength with growth of 14.8 percent. Synthetic vitamins (2.8 percent) fared better than natural vitamins, minerals and supplements (-0.6 percent).

The 2.8 percent loss in the shaving needs group can be traced to the weakness in the high-volume razor blade category, which had no new entries in 1987. In the shaving creams category, double-digit four-week gains were achieved by Edge, Gillette Foamy, Barbasol, Soft Shave and Brut 33. On an annual basis, the only shaving needs category that showed a gain was shaving creams with 1.2 percent.

The months of dramatic growth in skin care aids appear to have leveled off. Gains for November and December were in the three to four percent range, while gains for the year were 10.1 percent. Aside from suntan lotions and oils (13.2 percent), which is not meaningful dollar-wise in December, the most impressive showing is the 10.1 percent gain in hand and body creams and lotions. In this category, there was important growth for Vaseline Intensive Care, Lubriderm, Keri, Nivea Moist Lotion, Suave, Jergens Vitamin E and Neutrogena.

There was a 5.4 percent loss in the facial preparations category, where no important new products were launched. Chapstick and Carmex were standout performers in lip care, although the category's current volume is falling behind its outstanding 1986 pace. Much of the gain in cosmetic and medicated skin aids may be attributed to acne remedy products such as Stridex, Sea Breeze and Oxy Clean. There were no new million-dollar brands in this category in 1987. ■

GEOFF BODINE
KEN SCHRADER
DARRELL WALTRIP



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INSTORE BUSINESS: DELI

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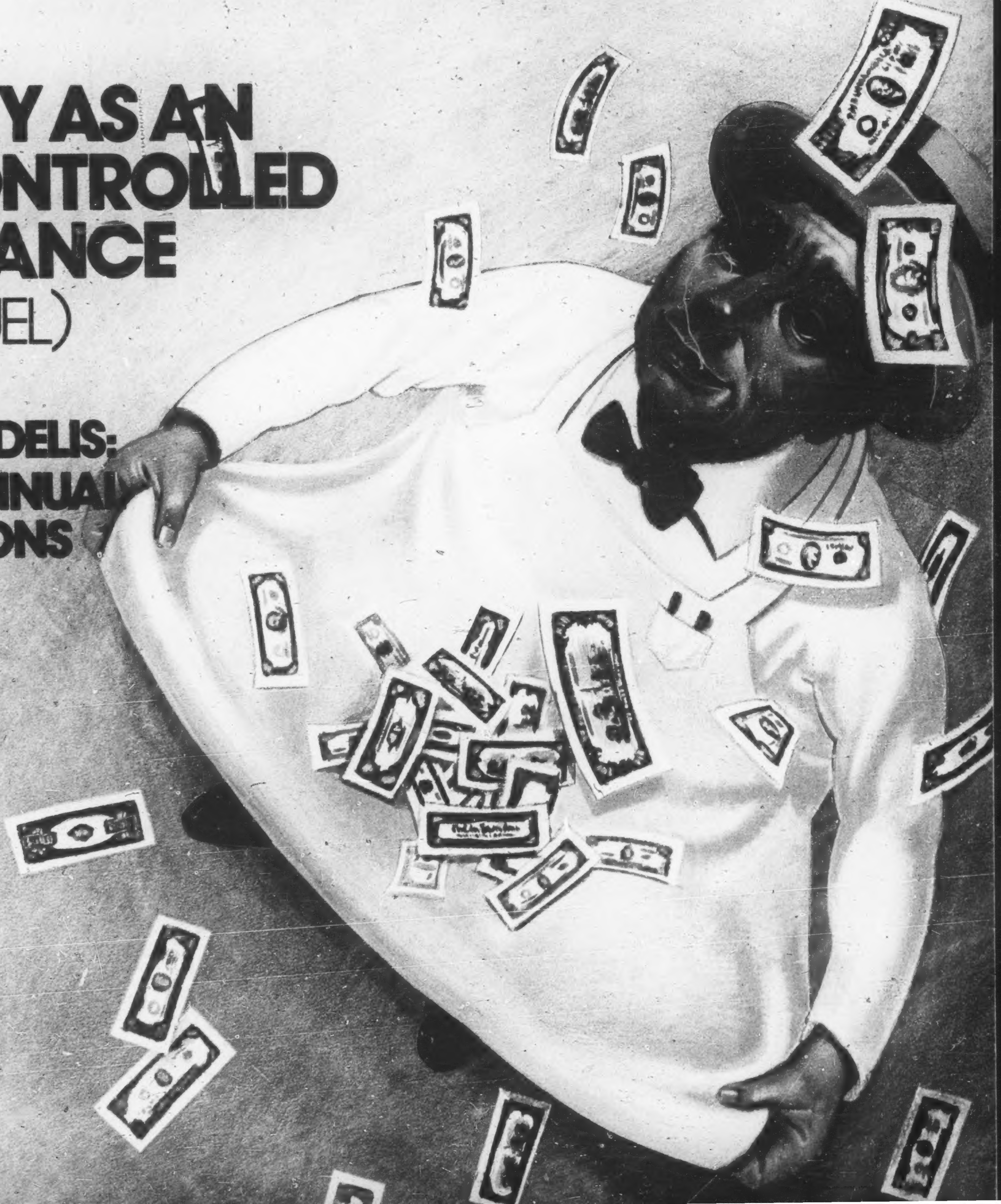
PART ONE
OF TWO PARTS

VOLUME 43/ NUMBER 4
APRIL 1988

MONEY AS AN UNCONTROLLED SUBSTANCE

(A SEQUEL)

SERVICE DELIS: SIXTH ANNUAL OPERATIONS REVIEW



SUPERMARKET BUSINESS

VOLUME 43
NUMBER 4

APRIL 1988

PART ONE
OF TWO PARTS

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CAROL FENSHOLT

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CONTRIBUTING EDITORS:
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MARKETING MANAGER:
Janet Torres Cepeda
Fieldmark Media
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
CHICAGO:
VICE PRESIDENT, NATIONAL ACCOUNTS:
Dave Wishard
REGIONAL SALES MANAGER:
John Sonderegger
Fieldmark Media
7366 N. Lincoln
Lincolnwood, Ill. 60646
312-673-6737
WEST COAST:
Sue Marritt
Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
818-783-5888
FIELDMARK MEDIA
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
212-354-5169
PRESIDENT AND PUBLISHER:
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SIXTH ANNUAL OPERATIONS REPORT

SERVICE DELIS REVIEW

BY DAVID LITWAK, DIRECTOR OF RESEARCH

CENSUS
10A

SALES, MARGIN & PRODUCT MIX
12A

Andrea L. Gallo

SPACE, LOCATION & EQUIPMENT
15A

Deli operations pose intriguing questions for retailers: How is it that while more and more supermarkets add delis each year, and deli volume continues to set new records, the number of customers who shop the deli remains about the same—one in five? In this Sixth Annual Operations Report of Service Delis, INSTORE BUSINESS chronicles the growth of deli business, establishes the benchmark for deli operations and uncovers some new directions.

The deli still suffers from one nagging problem, how to get more store shoppers to shop the deli. In 1987, only about 19 percent of those shoppers going through the store made a purchase at the deli. This percentage has remained fairly constant for the past two years, but was higher five years ago, when the first INSTORE BUSINESS Annual Operations Review reported that 27 percent of shoppers made deli purchases. The purchases made by those shoppers have been for greater amounts. While the range of dollars spent for each deli transaction is wide, in 1987 roughly a third (32 percent) of all service deli transactions were for four dollars or more, with 12 percent spending over six dollars each time they stop at the deli.

One direction that service delis took last year is not new; when it comes to total deli sales the direction continues to be up. In 1987 supermarket delis had sales of over $7.9 billion, which is a whopping increase of 19.6 percent since 1986 when sales were $6.6 billion.

There are two primary reasons for this phenomenal sales growth. The first is a simple game of numbers, numbers of deli outlets. The number of units increased by about 800 in 1987 to a total of 18,800. While the number of delis was increasing, the number of supermarkets in operation was declining, which now puts a service deli in 61.7 percent of all supermarkets. Coupled with the increase in the number of delis operating was a substantial increase in the weekly sales of each deli unit. On average, a

LABOR & SERVICE
16A

PRODUCTION & SUPPLY
22A

MERCHANDISING & CUSTOMERS
24A

service deli unit now has weekly sales of slightly over $8,100.

More money from each unit

Need to pick up a quick prepared gourmet dinner on the way home from work? No problem for the average service deli. Looking for an exotic cheese, processed meat or appetizer to impress someone special? Again no problem for the service deli. Cater an intimate dinner party for 40 of your closest friends in four hours? Well, maybe a only slight problem for many supermarket delis. These three "problem" scenarios illustrate why unit sales have increased. The service deli is in the forefront of the supermarket's attempt to attract as much of the consumer food dollar as possible. The three pronged-attack launched by grocery retailers through their delis has pitted the supermarket directly against other food retailers.

The supermarket has traditionally been the place where do-it-yourselfers shopped. If you wanted to fix dinner, or prepare some other meal, you went to the supermarket for the ingredients. The supermarket is still the place to go for ingredients, but with the changing lifestyles and consumer eating habits, the supermarket, and especially the service deli, is getting into prepared foods in a big way. Prepared foods, from entrees to ribs to sandwiches, now account for almost 30 percent of all service deli sales, and have contributed more to the growth of the service deli both in terms of sales and consumer image. In 1987, 60 percent of the service delis offered refrigerated entrees as part of their product mix, and 54 percent offered hot foods. The implication of these trends is that the supermarket is in the fast-food business, and the take-out food business, where an increasing portion of America's food dollar is going.

Another element of the growth equation is variety. No longer does the deli offer five types of cheese, and ten cuts of processed meats, or only the "big three" prepared salads. The

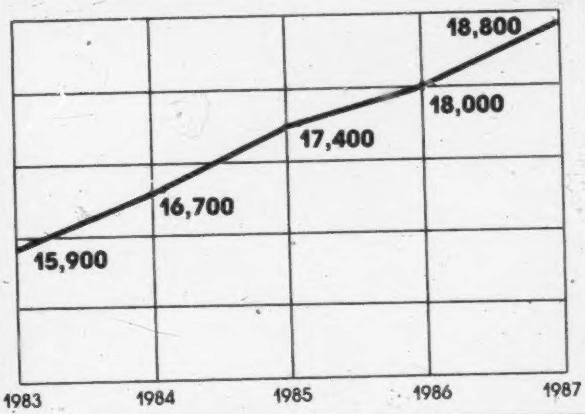
Continued on page 22A

DELI/CENSUS

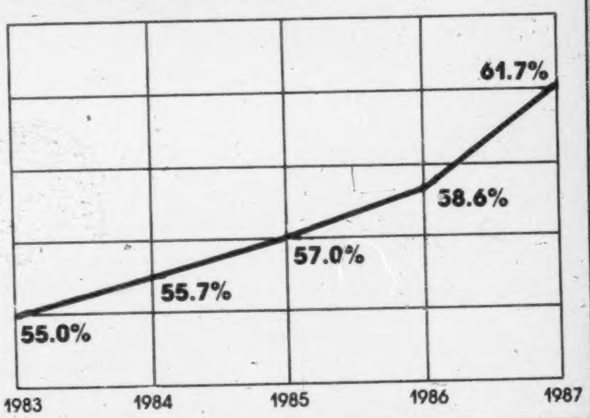
Service deli sales were on the rise again in 1987 topping $7.92 billion. The sales increase of 19.6 percent underscores the fact that retailer commitment to the department has been rewarded by continued consumer support.

The 19.6 percent increase in service deli sales last year reflects the growth in importance of the department to the industry. With the addition of 800 new delis in 1987, there are now deli units in almost 62 percent of all supermarkets. Aside from putting in delis as a method of competing with neighboring supermarkets, many grocery retailers are using their delis as a focal point in their efforts to get a bigger share of the food dollar at the expense of restaurants, caterers, and specialty food shops. The result is an average weekly sales figure of $8,104, which is an increase of 14.6 percent.

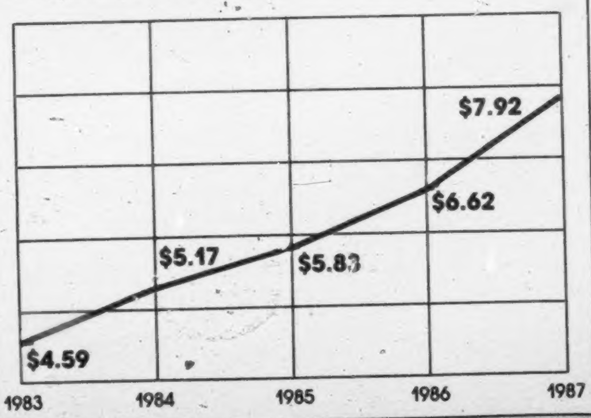
Service Deli Units



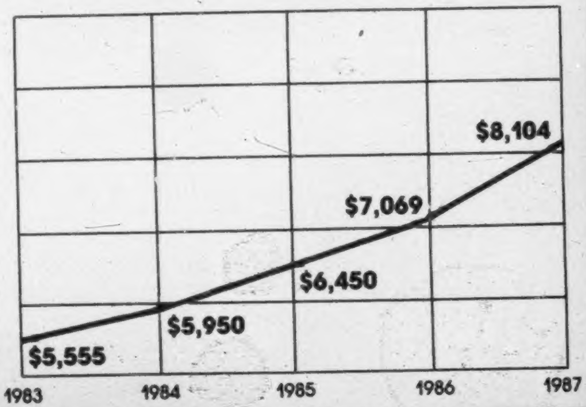
Percent of Supermarkets

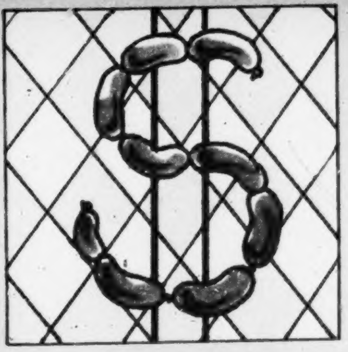


Annual Sales (billions)



Average Weekly Sales Per Service Deli





DELI/SALES, MARGINS & PRODUCT MIX

More emphasis on prepared foods, variety and convenience have helped make the always profitable deli department even more of a profit generator. The average deli now contributes about 12 percent of the total store profit.

Despite the fact that there was no change in the portion of store sales coming from the deli (3.7 percent), and a slight drop in average deli gross margins (down to 43.8 percent from 44.9 percent in 1986), the percent of store profits generated by delis increased to 11.9 percent from 9.3 percent the previous year. Sales increases helped to fuel the increase in profitability of the department, with 85 percent of deli operators indicating increased sales for their departments; the average reported increase was 12.4 percent.

Prepared foods are on the increase in service delis. Many operators report adding items such as pizza, soup, pre-packaged salads and refrigerated entrees to their deli menus. Almost a third of all deli sales (29 percent) now come from these and other prepared foods.

Average Weekly Sales

Mean **$8,104** Median **$7,350**

By Store Format	
Conventional	**$6,517**
Super Store	**$12,700**
Superwarehouse	**$12,827**

Change in Dollar Sales
(1987 vs. 1986)

Higher	**85%**
No change	**2**
Lower	**13**
Total	**100%**
Average reported increase	**12.4%**

Share of Total Store Sales

Mean **3.7%** Median **3.5%**

By Store Format	
Conventional	**4.17%**
Super Store	**3.22**
Superwarehouse	**2.68**

Contribution to Store Profits

Mean **11.9%** Median **13.1%**

Percent of Store Profits	
Less than 5.0%	**6%**
5.0–7.9	**18**
8.0–9.9	**26**
10.0–11.9	**29**
12.0 or more	**21**
Total	**100%**

Do You Consider Your Delis

Image/traffic builders	**6%**
Profit centers	**10**
Both	**84**
Total	**100%**

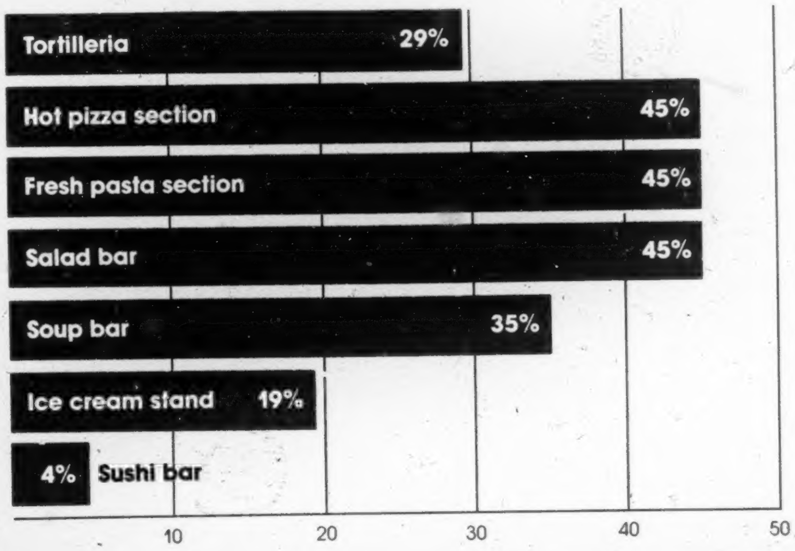
Gross Margin

Mean	**43.8%**
Median	**40.6%**
Less than 35%	**8%**
35–39	**17**
40–44	**42**
45–49	**28**
50 or more	**5**
Total	**100%**

Service Deli Items/Lines Most Frequently Added or Increased

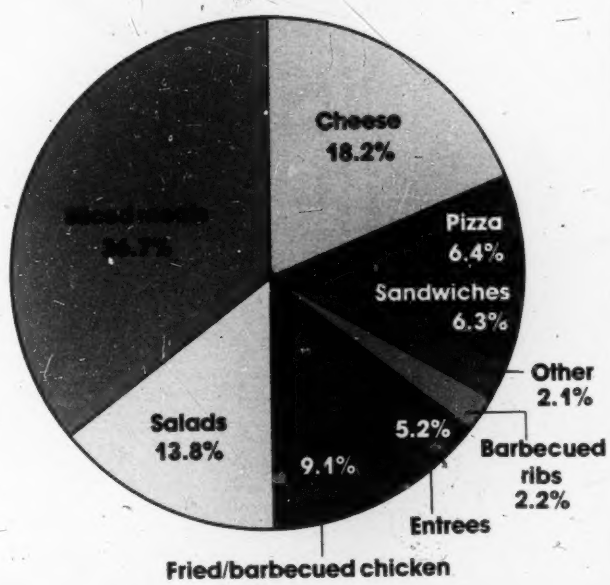
—Pizza
—Refrigerated entrees
—Salads (pre-packed, specialty)
—Soup
—Sandwiches

Percent of Companies Offering Each Type of Product Section as Part of Service Deli



Portioning Out the Service Deli Sales Dollar

Share of Sales



DELI/SPACE, LOCATION & EQUIPMENT

Expanded product lines involving more preparation have necessitated the physical expansion of service deli departments. Alternatives to traditional deli cases still remain popular for many new units, as department designers seek cases that will elegantly display their products, while at the same time providing them with the proper temperature conditions.

Delis not only carry more variety in their product mix, but also prepare more of it on premises. The typical deli must now have sufficient room for prepartion equipment (of which most delis have a wide range), work space, an increased array of packaging supplies and display cases (which now are usually a mixture of refrigerated, heated, service and self-service).

In order to accommodate all these elements the average deli now occupies 1,225 sq. ft., which usually represents 3.7 percent of store space. In larger stores, such as many super stores and superwarehouse stores, the average deli can measure upwards of 2,300 sq. ft. The increased floor space has meant a slight decrease in the sales per sq. ft. of the department, which were $6.61 last year compared with $6.73 the year before.

Sixty-four percent of operators prefer to have the deli first in the store's traffic pattern. The reason is convenience, especially in getting shoppers who have come in for prepared foods on the their way home from work in and out fast.

Size of Department

Square Feet of Space	
Mean	1,225 Square Feet
Median	1,150 Square Feet
By Store Format	
Conventional	975 Sq. Ft.
Super Store	2,000 Sq. Ft.
Superwarehouse	1,950 Sq. Ft.

Share of Total Store Space

Mean	3.7%
Median	3.3%
By Store Format	
Conventional	3.8%
Super Store	4.5
Superwarehouse	2.9

The Delibake Concept

Stores Combining Delis and Bakeries into a Joint Delibake Department

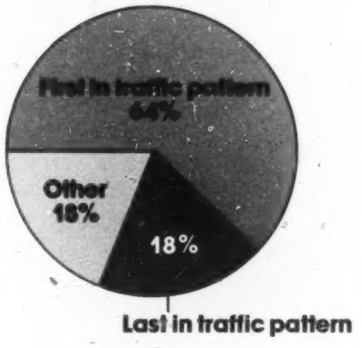
Joint delibake	32%
Separate departments	68
Total	100%

Popularity of Display Case Styles

Percent Likely to Use in Upcoming Installations

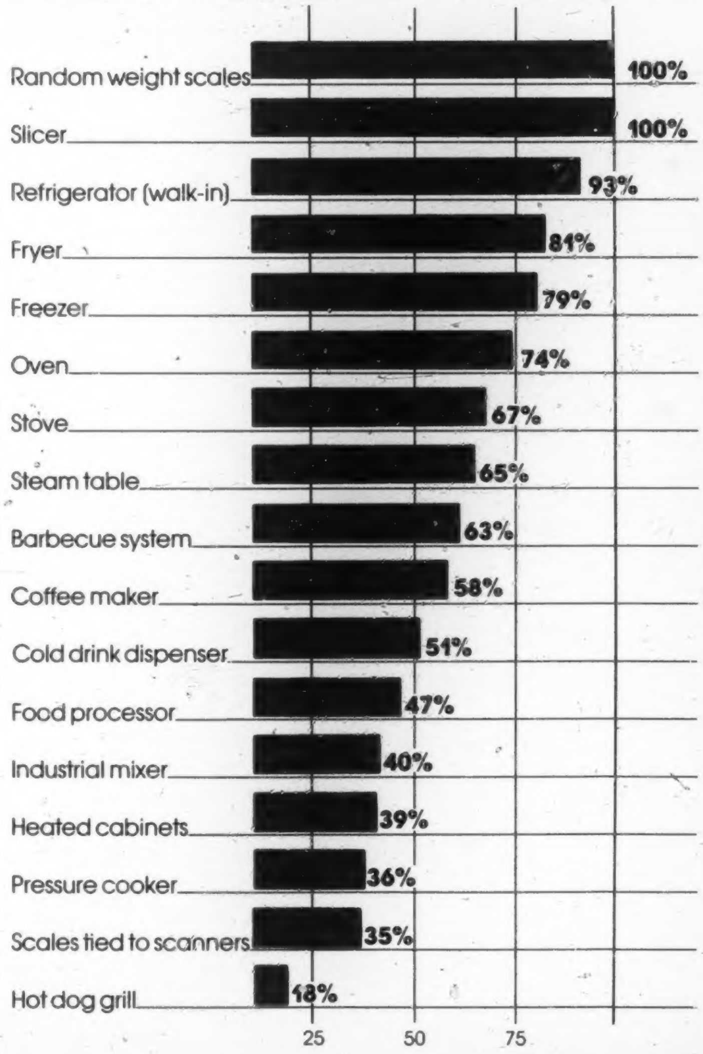
European-style cases	62%
Traditional cases	31
Both	7
Total	100%

Preferred Location for Service Deli



The Well-Equipped Service Deli

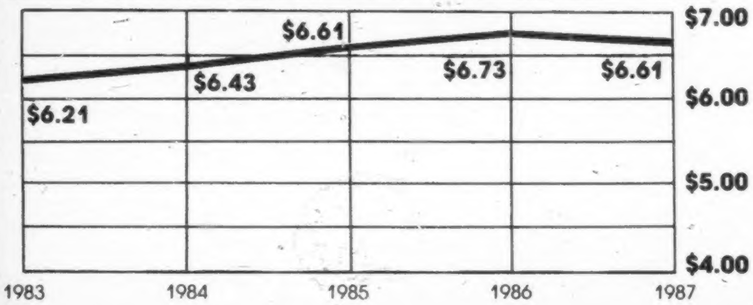
Percent Stores That Have

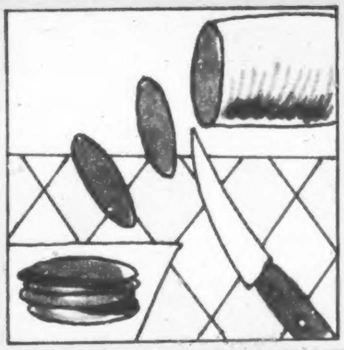


Average Weekly Sales Per Square Foot of Space

Mean	$6.61
By Store Format	
Conventional	$6.68
Super Store	6.35
Superwarehouse	6.58

Average Weekly Sales Per Square Foot of Space





DELI/LABOR & SERVICE

Despite the addition of an extra employee to the average deli workforce, sales per employee have gone up. The average deli employee rings up almost $1,200 in sales each week, far more than the $1,087 of just one year ago.

What an idyllic equation it is—add more employees (delis now have an average of 6.8 full-time equivalent employees), and get higher weekly sales per employee (up to $1,191). In most instances when you add more employees, sales per employee will decrease, but service delis with the huge sales increases in 1987 were able to turn the equation to their favor. One factor is the traditionally lower labor cost/sales ratio that the deli enjoys, especially when compared to other service departments (only 23.9 percent for deli).

More and more deli departments are offering special services and prepared food product lines, helping to bring to these departments the image of a full-service food center. Various forms of catering, such as party platters, seem to be the way of the future for many deli units as their prepared food offerings become more sophisticated and varied.

Number of Employees

Full-time	3.2
Part-time	7.2
Full-time Equivalent*	6.8

Full-Time Equivalent Employees

Fewer than 3	8%
3–4	19
5–6	27
7–9	27
10 or more	19
Total	100%

*two part-time = one full-time employee

How Much for Labor

(Labor as a Percent of Service Deli Sales)

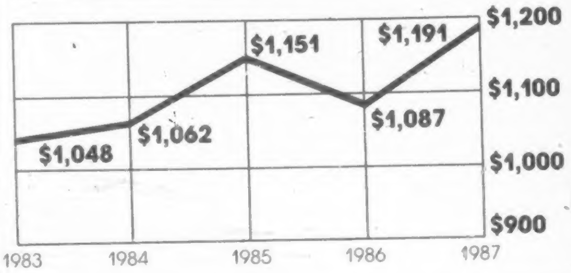
Mean	23.9%
Median	23.0%
10–15%	8%
16–20	28
21–25	38
26–30	18
Over 30	8
Total	100%

Average Weekly Sales Per Employee*

Mean	$1,191
$750 or less	7%
$751–$1,000	23
$1,001–$1,500	42
$1,501–$2,000	21
Over $2,000	7
Total	100%

*Full-time equivalent employees

Average Weekly Sales Per Employee



Special Area for Consuming Foods/Drink From Deli On Premises

Percent of Stores Offering

Have facilities	32%
No facilities	68
Total	100%

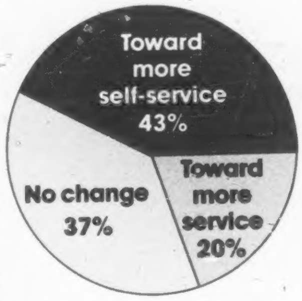
Time for Prep and Service

Breakdown of Labor Hours

Customer service	67%
Other (incl. prep)	33
Total	100%

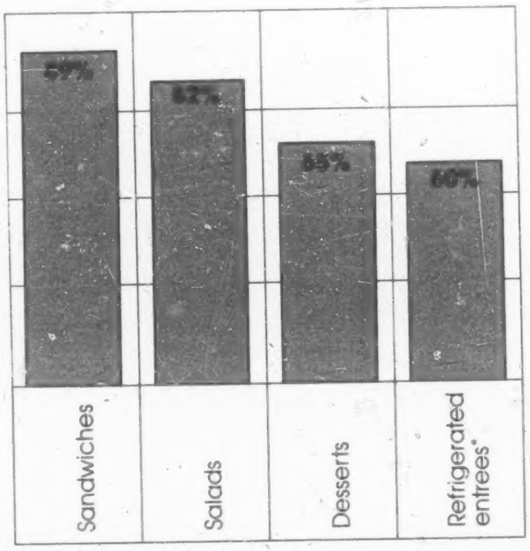
Trends in Service

Direction Deli Directors Expect Their Operations to Move



Offerings of Prepackaged Products in Self-Service Cases

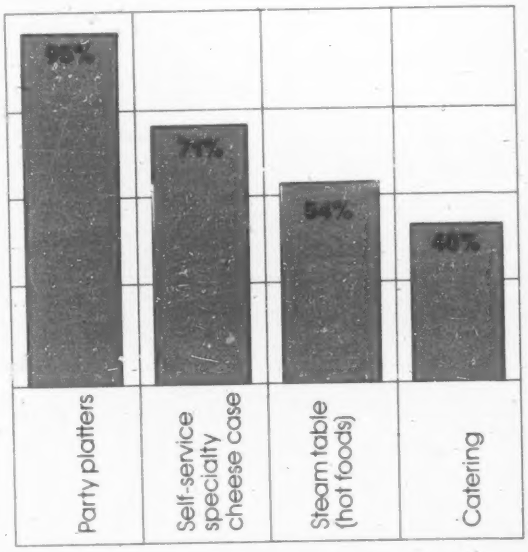
Percent of Stores Offering



*To be heated/microwaved at home

Special Services

Percent of Stores Offering



Continued from page 10A

array of cold cuts, cheese, salads, appetizers and side dishes has grown. It has grown to keep in step with consumer tastes and demands, and has in turn helped fan the growth of the deli. More variety in products, more space in the deli to prepare and display those products, and hopefully increased consumer attention and sales. This degree of variety in product lines, and individual products was once the almost exclusive turf of the specialty store, whether it be a free-standing delicatessen, cheese shop, or a smoked fish and gourmet shop. Once again, the supermarket, through the service deli, is competing with other types of retailers for the public's food dollar.

Dinner for 40?

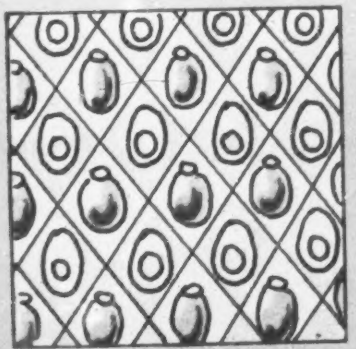
Turn to the "problem" of the intimate dinner party mentioned above. Does this sound like a ridiculous situation? Chances are that many deli managers wouldn't think so, as more and more of them are faced with similiar requests every day. About 40% of service delis offer catering services, while almost all of them, 95 percent, at least make up party platters.

These statistics are a real departure from just a few years ago when it was rare for a supermarket deli to be actively involved in catering. The service deli has really come full circle, going from a department that offered custom slicing of cheese and processed meats to a full-service prepared food center that now actively competes with catering concerns and take-out restaurants. From this, one might think that the only area of the food dollar that the service deli doesn't compete in is the full-service sit-down restaurant, but look out Denny's, many supermarkets are moving in that direction too.

Space and labor

Space has become an increasingly important commodity to the service deli. To accommodate all the cases needed to display the variety of both service and self-service products, as well as the room and equipment needed to produce the products, the deli has expanded. The average service deli now occupies 1,225 square feet, which is about one-third bigger than the 932 square feet of the average deli just five years ago. The 1987 figure represents about 3.7 percent of total store space. Since the average size has gone up so considerably, it is understandable that sales per square foot have gone down slightly in the past year, from $6.73 in 1986 to $6.61 in 1987. Compared with five years ago, sales per square foot have risen significantly. In 1982, the average sales per square foot were only $5.29, which is $1.32 less than today's figure. The increase in floor space would seem to have been a good investment given the increase in sales per square foot.

What of the people needed to prepare and sell all the deli products? The average number of employees has risen ever so slightly to 6.8 in 1987, from 6.5 the previous year. The increase, though, comes in full-time staff; there are typically just over three full-time staff members in a service deli. These increases have somewhat increased labor costs for the department, where labor now accounts for 23.9 percent of sales dollars, up from 23.0 the year before. This still contrasts favorably with the 33.3 percent of sales dollars that the instore bakery is forced to pay in labor costs (see INSTORE BUSINESS, March, 1988).



DELI/PRODUCTION & SUPPLY

The amount of products prepared from scratch instore continues to increase. For instance, 48 percent of the delis now report preparing at least some salad products themselves instore. Most delis get their products from a combination of sources, the selection of a source depends on the product, as well as the image the particular deli is trying to project.

Central commissaries seem to be waning, only 24 percent of the deli operators report having a company-operated commissary. Those that do have commissaries use them primarily for the scratch preparation of products. Since many operators prefer to prepare products instore, commissaries have little opportunity to grow in importance.

Operators indicate that the choice of a supplier for deli products, especially prepared items, is very important to the success of the image they are trying to give to their departments. Preparing items instore is often the choice, but only if the personnel and facilities necessary to produce a quality product are available.

Commissaries

Percent of Companies Having Company-Operated Commissary From Which Stores Order

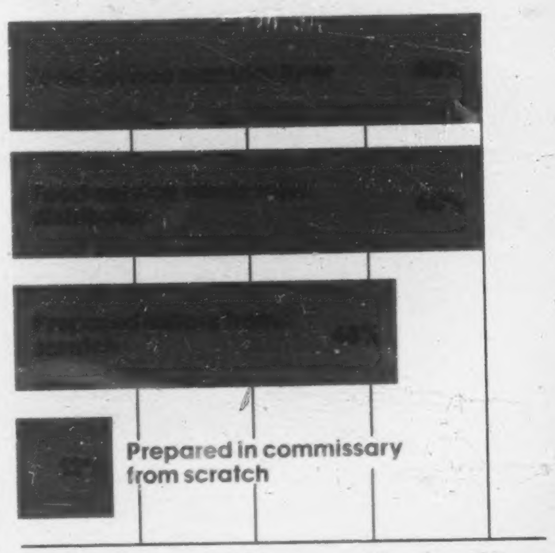
Have commissary	24%
Do not have commissary	76
Total	100%

Main Function of Commissary

Preparation from scratch ingredients	67%
Ordering from food-service suppliers	33
Total	100%

Sources of Service Deli Salads

Percent of Stores Using



Luckily, sales in the deli have increased sufficiently that the additional employees have not cut into the average weekly sales per employee figures. Last year that figure was $1,191, which was over $100 more than the 1986 figure, $1,087. One factor that may be helping keep sales dollars on the increase is that the deli employee is spending more time performing customer service chores. Retailers report that two-thirds of their deli employees' labor hours are spent on customer service, with the other third being spent on food preparation and maintenance functions.

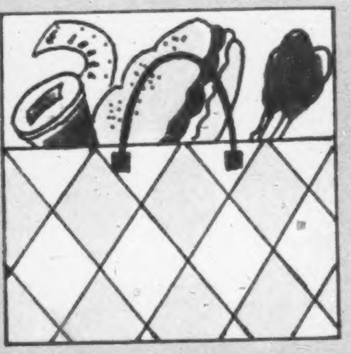
Bringing more money into the store is something any retailer loves to see, but being able to keep more of it is enough to make even the most hardened among us smile. Many retailers have smiles on their faces when they talk about their delis.

With sales comes profits

Service delis have long been profit generators. Eighty-four percent of the retailers participating in this Annual Operations Review indicated that they considered their delis to be both profit centers and image/traffic builders.

The numbers certainly bear out the profit center side of the delis. On average service delis accounted for 3.7 percent of sales in the stores where they were located, but this 3.7 percent of sales contributed 11.9 percent of the profit that those stores generated. Generating profits greater than their percentage of sales is true for a number of specialty departments, but few enjoy the sales-to-profit ratios realized by service delis. Net profits have increased at a time when gross margins for the deli have stayed on about the same level (43.8 percent on average).

Promotions and advertising have been used to try and increase the percentage of deli shoppers, and while they certainly have had an effect on deli sales in general, there has been little effect on getting more than two of every ten over to the deli. This is perhaps the delis' greatest challenge in the year to come. Their success or failure will be reported when INSTORE BUSINESS next reviews the service deli industry with its Seventh Annual Operations Report on Service Delis. ■



DELI/MERCHANDISING & CUSTOMERS

Wanted: Store Customers to Shop Deli Department— No Experience Necessary! Getting the majority of store shoppers to stop at the deli and purchase something is still a real problem for operators. With fewer than one out of five people shopping the deli, and an average transaction of $3.27, deli merchandisers have increased promotions to try to draw more customers.

Despite receiving ad space that is proportionally equal to their percentage of store sales, the deli has trouble increasing its share of store customers. Promotions utilize all types of print and point-of-purchase materials, as well as sampling as a way of getting the deli's message across. This inability to attract a larger percent of store customers to the deli is particularly frustrating given the large profits the department generates. Increasingly, deli operators are looking to suppliers for more promotional help, especially in the areas of instore demonstrations, and ad allowances.

How Customers Spend

Percent Who Shop the Deli	
Mean **18.9%**	Median **16.0%**

How Much They Spend	
Under $2.00	7%
$2.00–$2.99	32
$3.00–$3.99	29
$4.00–$5.99	20
$6.00 or more	12
Total	100%

Advertising and Promotion Sell Service Deli

	Percent Using
Sampling	97%
Newspapers	89
Point-of-purchase	88
Circulars	77
Radio	42
Television	28

Delis' Share of Ad Space Compared to Share of Sales

Greater	25%
Less	29
Equal	46
Total	100%

How Retailers Rate the Promotion and Advertising Help from Deli Suppliers

Excellent	12%
Good	30
Fair	44
Poor	14
Total	100%

Where Retailers Need More or Better Quality Help from Deli Suppliers

	Companies Wanting More Help	Companies Wanting Better Help
Instore demos	82%	60%
Point-of-purchase materials	56%	38%
Deli coupons	47%	33%
Ad allowances	89%	44%

SAMI UPDATE

1988 Gets Off to Mixed Start in HBA Department

Seven product groups racked up gains in January, despite poorer performance of cold and flu products.

BY ALAN MILLER JR.

During the four weeks ending Jan. 29, 1988, unit sales of the 52 health and beauty aids (HBA) categories tracked by SAMI/Burke moved ahead of last year's pace 2.9 percent, while dollars were gaining 6.3 percent.

During this 28-day reporting period, the performance of HBA items was surpassed only by refrigerated foods (up 4.7 percent) on a tonnage basis and by frozen foods (up 6.9 percent) on a dollar basis. It is reassuring to see that the 1988 gain is on top of a 2.5 percent increase in the kickoff period in 1987. Dry grocery-nonfood categories were only able to realize a unit volume increase of 0.2 percent. Frozen food sales, measured in pounds, advanced 2.5 percent, while sales of shelf-stable foods, measured in pounds, was up 1.6 percent versus a year ago.

Unit volume for all departments combined—475 categories in all—was up 1.5 percent and dollar volume was up 3.7 percent versus a year ago.

Product group gains in the HBA section ranged from a high of 11.8 percent for skin care to a low of just half a percent in the case of shaving needs. The one loss among product groups befell proprietary remedies for coughs and colds. Only the cold remedies category was in the black and just barely (up 0.5 percent).

The ratio of gains to losses at the category level of measurement was strongly in favor of plusses to the tune of 34 gains and only 18 categories with four-week unit volume declines. There were six categories with gain rates in excess of 20 percent, topped by suntan lotion (up 56.2 percent), albeit in a weak seasonal sales period. Appetite suppressants gained 4.4 percent over last year's depressed volume level and the low-volume feminine hygiene deodorant category enjoyed growth amounting to 28.2 percent.

There were five product categories with double-digit loss rates, including infant clothes (down 14.3 percent), cream deodorants (down 13.9 percent) and cough remedies (down 10.8 percent).

Behind baby products' decline

The baby needs product group contains two categories with continuing sales weakness—baby powders and infant clothes, both of which show a loss rate for the four-week, the twelve-week and the fifty-two week period. Both of these downtrends may be related to continuing improvements in the effectiveness and appearance of disposable diapers, which may lessen the need for baby powders and certain items of infant clothing.

The strong category in baby needs is baby oils, creams and lotions, which had a four-week upsurge of 20.5 percent, the highest growth rate since the period ending Nov. 7, 1987. Much of the growth can be attributed to the success of Mennen's Baby Magic Rich N' Creamy, and an upsurge in the volume of several Johnson & Johnson items. Sales of nursing supplies advanced 1.6 percent and the product group as a whole moved forward 6.3 percent for the four-weeks, as contrasted with a gain rate of only 0.7 percent on a full-year basis.

There were only two personal deodorant categories exhibiting negative sales trends, sprays (down 3.8 percent) and creams (down 13.9 percent). There was an increase of 28.2 percent in the four-week unit movement of feminine hygiene deodorants, almost entirely attributable to the near-national roll-out of Massengill Towelettes. The second highest gains in this product group were recorded by deodorants and talcum powders (up 10.0 percent) and stick deodorants and pads (up 9.9 percent). This latter category now accounts for more than twice the unit volume of spray deodorants, which not too long ago were ranked first as the leading form of deodorant.

Gains in excess of five percent were also registered in the feminine douches/washes and foot deodorant or athlete's foot remedies categories, which advanced 9.1 percent and 5.8 percent respectively. Roll-on deodorants were ahead 4.1 percent for the four weeks, an improvement over the 1.3 percent loss rate on a 52-week basis.

The two SAMI/Burke first aid categories gained ground in virtually equal proportions. Antiseptics were 3.4 percent higher and first aid products were 3.3 percent stronger.

Of the seven hair care needs categories, there were five with plusses and two with minus volume. The product group total

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS* ENDING 12/4/87	4 WEEKS ENDING 1/1/88	4 WEEKS ENDING 1/29/88
BABY NEEDS			
Baby Powders	−12.1	−10.5	−10.3
Baby Oils, Creams & Lotions	+11.5	+11.7	+20.5
Infant Clothes	−23.3	−18.8	−14.3
Nursing Supplies	+ 1.7	+ 0.7	+ 1.6
DEODORANTS			
Sprays	− 8.7	− 0.1	− 3.8
Roll-Ons	+ 1.4	− 1.7	+ 4.1
Stick Deodorants & Pads	+ 7.6	+12.0	+ 9.9
Creams	−13.5	−10.9	−13.9
Deodorants & Talcum Powders	+22.6	+12.3	+10.0
Feminine Hygiene Deodorants	+ 5.4	+ 6.3	+28.2
Foot Deodorants & Athlete's Foot Remedies	+11.3	+11.6	+ 5.8
Feminine Douches	+ 6.1	+ 6.0	+ 9.1
FIRST AID			
Antiseptics	+ 8.3	+ 5.6	+ 3.4
First Aid Products	+ 5.9	+ 6.3	+ 3.3
HAIR CARE NEEDS			
Shampoos	0.0	− 2.3	+ 0.9
Hair Sprays	+18.7	+18.3	+28.2
Hair Conditioning Rinses	+ 7.5	+ 1.4	+ 3.6
Hair Setting Needs	+ 7.8	+ 7.8	+13.7
Home Permanent Kits	+ 0.1	− 5.5	− 8.9
Hair Coloring	+ 5.3	+ 2.2	+ 3.0
Hair Dressing Needs	− 1.6	− 4.4	− 5.1
ORAL HYGIENE			
Toothpastes & Powders	+ 2.5	+ 5.2	+ 0.1
Mouthwashes	+25.0	+20.8	+11.2
Breath Fresheners	+ 3.2	− 6.1	− 2.6
Denture Cleaners	− 2.9	0.0	− 7.8
Denture Adhesives	− 0.5	+ 2.3	− 0.5
Toothbrushes	− 1.9	− 2.0	− 1.7
Dental Aids	+12.1	+ 6.6	− 2.6
PROPRIETARY REMEDIES			
Antacids	+ 2.7	+ 1.2	+ 3.6
Internal Analgesics	− 1.8	− 3.5	+ 0.8
External Analgesics	+ 1.4	− 0.7	− 2.0
Cold Remedies	+ 1.8	+ 2.3	+ 0.5
Nasal Sprays—Drops—Inhalers	+ 5.3	− 3.4	− 5.0
Chest Rubs	− 2.7	−14.4	−11.5
Cough Remedies	− 3.1	− 6.2	−10.8
Laxatives	+ 5.3	+ 3.9	+ 1.5
Sleeping Aids	+19.9	+16.4	+13.4
Tranquilizers	+ 2.5	− 0.2	+ 4.1
Synthetic Vitamins	+ 5.0	+ 2.8	+13.5
Eye Care Products	+16.0	+18.5	+31.1
Appetite Suppressants	+10.0	+14.8	+ 4.4
SHAVING NEEDS			
Shaving Creams	+ 9.3	+ 3.6	+ 8.9
Pre-Shave Lotions	+ 3.6	+ 3.2	+ 4.9
After-Shave Lotions	+ 3.1	− 0.8	+ 7.4
Razor Blades	+ 3.0	− 5.7	− 3.5
Razors & Blades	+ 0.1	− 4.6	− 6.0
SKIN CARE AIDS			
Hand & Body Creams & Lotions	+13.2	+10.1	+20.6
Facial Preparations	− 4.3	− 5.4	+ 1.5
Lip Care Products	− 4.4	− 3.5	+ 8.0
Suntan Lotions & Oils	−21.4	+13.2	+56.2
Cosmetic & Medicated Skin Aids	+ 5.1	+ 5.5	+ 4.1
TOTAL ALL CATEGORIES			

was ahead 7.9 percent, primarily because of the continuing sales vitality in the hair sprays category, which is now expanding as a result of the spritz products from leading manufacturers.

The four-week category gain rate was 28.2 percent, significantly higher than the 18.3 percent growth on an annual basis. Shampoo sales inched forward 0.9 percent, while hair conditioning rinses did better with a gain of 3.6 percent. Both of these categories are in the gain column for the full year.

Hair setting needs advanced 13.7 percent, but this year the gains in this category came from hair sets other than mousse products, particularly those in gel form. There were losses of 8.9 percent and 5.1 percent for home permanent kits and hair dressing needs, both of which show negative trends on a 52-week basis as well.

Sales of oral hygiene products, in total, are doing slightly better than they were a year ago, in spite of the fact that five of the seven categories have loss rates and in the highest volume category, toothpaste and powder, the improvement was only one-tenth of a percent. The growth was provided by mouthwash sales increases as a continuing result of steady volume gains for the plaque inhibitors and the new flavor of Scope.

The new product proliferation among toothpaste brands, particularly the new entries from Lever Bros. and products for kids caused some churning in the category, but not enough to increase the overall volume very much—the highest loss rate was a 7.8 percent four-week dip in the sales of denture cleaners. There were losses of 2.6 percent for both breath fresheners and dental aids.

The most serious downward trends among the 14 categories of proprietary remedies are focused upon the cold and flu products, which were up against an unusually strong peak a year ago. There were losses of 5.0 percent for nasal spray drop-inhalers, 11.5 percent for chest rubs and 10.8 percent for cough remedies. Volume for cold remedies inched up 0.5 percent and internal analgesics, often used for respiratory distress, had a gain of under one percent. New Stay Trim was largely responsible for a 4.4 percent increase among appetite suppressants, while strength for Sominex, in particular, was behind the 13.4 percent growth rate for sleeping aids.

Eye care products continue to show sales vitality as food stores become more popular as an outlet for these products. Sales of synthetic vitamins were up 13.5 percent, but volume among natural vitamins, minerals and supplements incurred a loss rate amounting to half a percent.

Shaving needs in the black

Three of the five categories of shaving needs were in the black, but there is continued lackluster performance in the high-volume razor blades category as a result of a dearth of important new products. Sales were also down in the razors and blades category (down 6.0 percent).

There was good growth for shaving creams (up 8.9 percent) after-shave lotions (up 7.4 percent) and pre-shave lotions (up 4.9 percent). In each of these three instances, the four-week trend was stronger than both the 12-week or 52-week spans.

Finally, there was a resurgence in volume for all of the five categories of skin care aids, even facial preparations, which have been languishing for many months.

The standout performance was found in hand and body cream/lotions category, which grew 20.6 percent. Three brands experienced gains in the four-week period, which helped the category to expand: Vaseline Intensive Care, Suave and Jergens Vitamin E. The growth rate of 56.2 percent for suntan lotions does not translate into many sales dollars during the month of January. Lip care products, which had suffered a sales relapse in December, moved forward 8.0 percent in the most recent reporting period. Sales of cosmetic and medicated skin aids managed an increase of 4.1 percent, less than the growth of 4.8 percent for the 12 weeks and 9.8 percent for the year, but still higher than the gain rate for all HBA categories combined.

The product group as a whole moved upward 11.8 percent, largely influenced by the one and a half million four-week unit sales increase in the aforementioned hand and body cream category. ■

SUPERMARKET BUSINESS

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PART ONE
OF TWO PARTS

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MAY 1988

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EDITOR-IN-CHIEF:
Kenneth P. Partch

EXECUTIVE EDITOR:
Bob Hughes

MANAGING EDITOR:
Tony McGinty

SENIOR EDITOR:
Daniel Elman

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ASSISTANT EDITOR:
Karen L. Jones

EDITORIAL ASSISTANT:
Lauren Lekoski

CONSULTING ART DIRECTOR:
Ellen Blissman

ART ASSOCIATES:
Andrea L. Gallo

CONTRIBUTING EDITORS:
Produce: **Barney H. McClure**
Meat: **Kenneth Johnson**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **John Baskin**

ASSOCIATE PUBLISHER:
Carol Fensholt

CIRCULATION MANAGER:
Barbara Kummer

PRODUCTION DIRECTOR:
Dennis Davidson

RESEARCH DIRECTOR:
David Litwak

ADVERTISING SALES:

EAST:
SOUTHEAST REGIONAL SALES MANAGER:
Peter Beyrent

NORTHEAST REGIONAL SALES MANAGER:
Thomas Dean

NATIONAL SALES MANAGER FOR NONFOODS BUSINESS:
Maggie McAleer

SALES DEVELOPMENT MANAGER:
Janet Isenberg

MARKETING MANAGER:
Janet Torres Cepeda

Fieldmark Media
25 W. 43rd Street, Suite 707
New York, N.Y. 10036

CHICAGO:
VICE PRESIDENT, NATIONAL ACCOUNTS:
Dave Wishard

REGIONAL SALES MANAGER:
John Sonderegger

Fieldmark Media
7366 N. Lincoln
Lincolnwood, Ill. 60646
312-673-6737

WEST COAST:
Sue Marritt

Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
818-783-5888

FIELDMARK MEDIA
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
212-354-5169

PRESIDENT AND PUBLISHER:
Jeffrey A. Schaeffer

VICE PRESIDENT, ADMINISTRATION:
Catherine Cahill

VICE PRESIDENT:
Carol Fensholt

CORPORATE OFFICERS
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TRADESCAN

The World's Largest Display of Oranges–Here in Orange!
Edwards
Dole

ORANGE STORE WINS PRIZE BY SHOWING ITS TRUE COLORS

It could only happen in a place called Orange, Conn.

First National Supermarkets set up what it claimed was the world's largest Dole orange display in its Edwards Food Warehouse in Orange. In so doing, the chain walked off with Dole's first America Orange Cup prize.

First National had created a record-setting display of 85,000 oranges in February in its Latham, N.Y., Edwards, only to be squeezed out of first place by Pick 'n Pay Hypermarket in Brisbane, Australia soon after. The Aussies set up a display of 120,000 oranges.

Never one to turn down a juicy challenge, Edwards created the monolithic display in its Orange store.

At last report, the display was being gradually dismantled by shoppers.

OPPORTUNITIES GROW FOR GENERIC AND PRIVATE-LABEL PHARMACEUTICALS

Several factors will soon create growth opportunities for private label and generic pharmaceuticals.

One is the coincidental expiration of patents on some 100 prescription medicines over the next few years. Another is possible legislation encouraging the use of generic pharmaceuticals for Medicare recipients.

A third is consumers' growing acceptance of generic and private-label pharmaceuticals, especially in the analgesic and cough and cold remedy categories. Over the last eight years, private-label and generic HBA products' share of market in supermarkets has risen some 30 percent, according to statistics supplied by SAMI/BURKE.

In cough remedies, the most dramatic example, private-label products' share of market has risen from 0.7 percent in 1980 to 2.6 percent in 1987 (between 1986 and 1987 that share doubled). Generic cough remedies' share of market has risen more modestly, but it has grown nevertheless.

The growth in private-label internal analgesics has also been significant. From 1980 to 1987, total private-label share of market rose from 2.8 percent to 4.6 percent.

Judging by recent history, the expiration of so many patents on prescription drugs could signify a surge in the number of products available for private-label and generic packaging. "Often when you have something suddenly approved for over-the-counter, you have a rash of products that all start at the same time," says Alan Miller of SAMI/BURKE. "They wait for the gong to sound, and jump in."

A wave of new proprietary pharmaceuticals could be mind-boggling, but it could also provide opportunities for those retailers able to sort it out and communicate to the price-conscious consumer. "The consumer is becoming more aware of the fact that there are tremendous economies in high-priced prescription drugs that can be bought on a generic basis," says Miller.

KROGER TEAMS WITH PEPSI FOR MARCH OF DIMES FUNDRAISER

Throughout the month of April, when shoppers bought Pepsi products in north Texas Kroger stores, they helped support the local March of Dimes chapter.

For every product purchased at participating stores, Pepsi made a cash donation to the March of Dimes Birth Defects Foundation for continued research, education and medical programs for the prevention of birth defects.

Rolando Blackman, a member of the Dallas Mavericks basketball team, was a celebrity spokesman for the program.

NGA CITES NINE FOR INDUSTRY SUPPORT

The National Grocers Association (NGA) honored nine members of Congress with "Spirit of America" awards for their support of the industry's independent sector.

At a special "Spirit of America" dinner during their 13th annual Public Affairs Conference, NGA presented awards to Senators David Boren (D-Okla.), Robert Kasten (R-Wisc.), Mitch McConnel (R-Ky.) and Dan Quayle (R-Ind.), as well as House members, Steve Barlett (D-Tex.), Delbert Latta (R-Ohio), Tom Luken (D-Ohio), Timothy Penny (D-Minn.) and Peter Rodino (D-N.J.).

"The 'Spirit of America' award reflects our recognition and appreciation of individuals in and outside the industry who have provided exemplary service on behalf of small business and the food distribution industry," said NGA President Thomas K. Zaucha.

During their Washington conference, NGA members also involved more than 300 members of Congress in the group's private sector initiatives program, "Holiday Giving is a Year Round Need." The association donated groceries to a designated food bank or charity on behalf of each member of the House and Senate who attended this year's Private Sector Initiatives reception on Capitol Hill.

TRADESCAN

JAPANESE WHOLESALER JOINS IGA

The Independent Grocers Alliance (IGA) and C. Itoh Food Systems Ltd. of Tokyo, (CFS) have announced an agreement to establish a food distribution system for independent grocers in Japan. As a result, CFS has become the 20th wholesale food company of IGA and the first outside of North America. CFS is a division of C. Itoh & Co. Ltd. of Tokyo, a leading Japanese trading company and was established in 1984 to strengthen the operation of three Japanese wholesalers serving four of Japan's major metropolitan areas.

Under the agreement, which was announced at the 1988 IGA Executive's Conference in February, IGA headquarters in Chicago will help CFS develop a model retail store program for Japanese independent grocers. Makoto Nitadori, senior managing director and c.e.o. of CFS commended IGA for the services it has provided to independent retailers over its 60-year history and stated, "Our Japanese colleagues have confidence in those achievements and will learn from the rich history of IGA's past, as well as its current programs and services."

It has not been decided whether the model program will utilize an existing store serviced by CFS's member wholesalers, or whether a new store will be built.

WHICH COUPONS GET THE BEST RESPONSE? IT DEPENDS ON WHOM YOU ASK

Almost 210 billion coupons were distributed in 1986. Only about 7.5 billion were redeemed. Retailers and manufacturers seeking to determine which coupons are most likely to be cashed in may find conflicting opinions among recent coupon studies.

A study of 1,000 households, conducted by UMS Research Group, found that coupons for motor oil had the most influence on purchase decisions—about 50 percent. In other words, the shoppers surveyed would not have purchased motor oil from the supermarket without a coupon. The same study found that coupons for liquor and health and beauty aids achieved about 40 percent participation, and grocery and pet food items about 35 percent.

A similar study conducted by the Point of Purchase Advertising Institute (POPAI) found the heaviest coupon redemption for hand and bath soap (26 percent) and the lightest redemption for alcoholic beverages (one percent). Detergents, oral hygiene products, cereal and coffee were among the categories with the strongest coupon redemption response in the POPAI study. Salt and spices, fresh meat, packaged baked goods and candy/gum were among the lightest.

A consumer's age, income level and ethnic group all help determine which coupons she will redeem. The UMS study found that blacks and hispanics are highly brand loyal and are therefore less likely to redeem coupons. Coupons, according to the study, are most popular among white households, aged 35 to 44, with over $60,000 annual income.

KINGS MAKES BEEFED-UP DONATION

Kings Super Markets donated a Certified Angus Beef steer to the Community Food Bank of New Jersey for use in its soup kitchens. The steer was a gift from the American Angus Association.

Pictured above are Tom DeMott, meat sales manager for Kings; Kathleen DiChiara, executive director of the Community Food Bank of New Jersey; and Kirk McKean for Certified Angus Beef.

IGA PUTS ITS SUPPORT BEHIND SPECIAL OLYMPICS

IGA, Inc., Chicago, helped make sure that participants in the International Winter Special Olympics Games were well-fed.

As principal sponsors of the Special Olympics winter games, the Chicago IGAs raised $250,000 toward the cost of feeding approximately 1,400 athletes and coaches during the eight-day event. Support came from cash contributions, private-label promotions and food donations.

Meanwhile, in Rhode Island, IGA grocers "staged" their own fund raiser for that state's Special Olympics program.

Along with Roger Williams Foods, a Rhode Island wholesaler, IGA retailers sponsored a production of *That Championship Season*—its second "Evening of Theater" fundraiser.

The show raised more than $2,000 to benefit Rhode Island Special Olympics.

TWO STAND THE TEST OF TIME IN SUPERMARKET BUSINESS CONTEST

While it is not uncommon for SB contest winners to hit the jackpot their very first try, very seldom are they newcomers to the magazine itself. The March winners are no exception.

Paul Depp, who won a gentlemen's watch in the March contest, has been with Olean Wholesale Grocery Co-op for 15 years and is currently a buyer of canned goods for the company. He says he has been reading SUPERMARKET BUSINESS, "Ever since I can remember. I enjoy reading the magazine page by page." He notes that that is a good way to keep up with the competition, as well as find the answers to the contest.

The winner of the ladies' watch, Shirley Carlson, has worked in Direct Delivery for Farmer Jack Supermarkets in Salt Lake City during the past year, after having been with Safeway for 11 years. A reader of the magazine for the past five years she says, "I've never won anything before in my life. This really made my day."

May's prizes will make the day of two winners, who will receive either a multi-purpose alarm or an automatic moisturizer and skin massager. May's contest can be found on page 165, following the list of March's correct entries beginning on page 161.

KROGER LEADS SUPERS IN INCREASED TV AD SPENDING

Supermarkets and convenience stores spent more than $352 million on television advertising in 1987—an increase of 13 percent over 1986. Kroger topped the list with $38.9 million spent on network and spot television (see chart).

Albertson's showed the largest percentage television ad spending increase (52 percent), with Publix (39 percent) and Cub (34 percent) also showing healthy increases.

Only three of the top 15 supermarket advertisers in Broadcast Advertisers Reports—Safeway, Lucky and Ralph's—reduced their television ad spending in 1987. ■

	1986			1987			
CATEGORY TOTAL	Network TV $8,932,400	Spot TV* $302,933,400	Total TV $311,865,800	Network TV $5,836,200	Spot TV* $346,309,500	Total TV $352,145,700	% Change + 13
Kroger	1,846,100	35,614,100	37,460,200	98,300	38,792,000	38,890,300	+ 4
7-Eleven	866,300	8,526,000	9,392,300	67,600	26,605,700	26,673,300	+ 184
Winn-Dixie	5,097,900	16,874,300	21,972,200	5,222,700	17,954,500	23,177,200	+ 5
Safeway	—	20,146,100	20,146,100	—	17,505,000	17,505,000	− 13
Lucky Stores	—	13,176,000	13,176,000	—	12,380,100	12,380,100	− 6
Vons	—	8,080,800	8,080,800	—	9,684,700	9,684,700	+ 20
Publix	—	6,792,600	6,792,600	—	9,461,800	9,461,800	+ 39
Alpha Beta	—	7,043,800	7,043,800	—	8,662,200	8,662,200	+ 23
Albertson's	—	5,343,300	5,343,300	—	8,107,000	8,107,000	+ 52
Food Lion	—	6,677,700	6,677,700	—	7,873,600	7,873,600	+ 18
A&P	—	6,827,900	6,827,900	—	7,589,100	7,589,100	+ 11
Jewel	—	6,127,000	6,127,000	—	7,314,700	7,314,700	+ 19
Dominick's	—	6,627,400	6,627,400	—	6,951,300	6,951,300	+ 5
Cub	—	4,214,500	4,214,500	—	5,637,500	5,637,500	+ 34
Ralph's	—	5,800,200	5,800,200	—	5,333,600	5,333,600	− 8

SOURCE: Television Bureau of Advertising from Broadcast Advertisers Report data
*Includes national syndication

SAMI UPDATE

HBA Sales Accelerate in February

Proprietary remedies benefit from cold and flu outbreaks; new attention given to aspirin

BY ALAN B. MILLER, JR.

During the four weeks ending Feb. 26, 1988, dollar sales in the 52 health and beauty aids (HBA) categories tracked by SAMI/Burke rose more than $54 million (8.7 percent). That performance was matched only by frozen foods—whose 8.7 percent dollar increase may be credited in part to Frozen Food Month promotion in March. The dollar gain rate was more than double the 4.2 percent for all product departments combined.

HBA unit sales were 12.4 million higher than the year-ago reporting period. The tonnage increase of 4.6 percent was higher than any of the other product departments.

In the year ending Feb. 26, 1988, HBA volume tracked by SAMI was $8.1 billion, or 6.3 percent of the $129.1 billion volume in all 475 product categories combined.

Six product groups showed gains over the year-ago reporting period, and two—oral hygiene and shaving needs—showed declines. The best performance came from proprietary remedies (up 8.8 percent). Increases of more than five percent were recorded by deodorants (5.7 percent) and hair care needs (5.1 percent).

Of the 36 HBA product categories with unit volume increases, the highest gains occurred in categories with low volume—deodorants and talcum powders (up 49.8 percent) and feminine hygiene deodorants (up 44.3 percent). The only major decline among high-volume categories was a 10.6 percent loss for mouthwash.

Sales of baby needs rose 1.3 percent—a decline from the 12-week gain of 3.1 percent. Baby powders and infant clothes registered volume decreases (down 7.8 percent and 17.3 percent respectively). Baby oils, creams and lotions (7.9 percent) and nursing supplies (1.3 percent) both showed increases.

Six of the eight personal deodorant categories measured by SAMI/Burke showed unit volume increases in February. The product group as a whole gained 5.7 percent—losses in spray deodorants (down 7.2 percent) and creams (down 10.2 percent) held the group growth down slightly.

The 49.8 percent unit sales increase for deodorants and talcum powders can be attributed in large part to outstanding sales of Shower to Shower. The 44.3 percent increase for feminine hygiene deodorants may be credited to new Massengill items introduced within the past year.

Stick deodorants grew 7.6 percent—a lower rate than the 9.7 percent growth for the past 12 weeks or 10.3 percent for the past 52 weeks. Roll-ons increased 4.3 percent—an improvement over the 12-week period (up 2.4 percent) and the 52-week period (down 1.1 percent).

Volume for foot deodorants and athlete's foot remedies increased 7.4 percent. Volume for feminine douches and washes increased 15.8 percent.

Both first aid categories showed sales improvements, but with lower growth rates than in the previous four weeks. Antiseptics gained 0.7 percent and first aid products gained 2.9 percent.

Hair care up

In the hair care needs group, the best performance came from hair sprays (up 17.3 percent), paced by the new spritz items. In the hair setting needs category, which showed an increase of 9.4 percent, styling gels outperformed styling mousses.

While hair coloring products saw a 1.2 percent loss on an annual basis, the category increased 7.2 percent in the four weeks ended Feb. 26. Food store sales of hair conditioning rinses increased 3.7 percent—about the same as January.

Shampoos showed a loss of less than one-tenth of a percent in February. Home permanent kits and hair dressing needs, which have been slipping consistently, fell 12.9 percent and 4.4 percent respectively.

The oral hygiene product group showed a 0.5 percent loss, triggered by a 10.6 percent drop in the mouthwash category. Breath fresheners and denture cleaners lost 6.3 percent and 3.6 percent respectively.

Three oral hygiene categories showed improvements over their performances in January: toothbrushes (up 4.1 percent), dental aids (up 3.1 percent) and denture adhesives (up 0.5 percent). Sales in the groups highest volume category—toothpastes and powders—rose 2.5 percent, or 700,000 units during February. Toothpastes

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

	% CHANGE VS. YEAR AGO		
PRODUCT GROUP AND CATEGORY	4 WEEKS ENDING 1/1/88	4 WEEKS ENDING 1/29/88	4 WEEKS ENDING 2/26/88
BABY NEEDS	+ 1.5%	+ 6.3%	+ 1.3%
Baby Powders	− 10.5	− 10.3	− 7.8
Baby Oils, Creams & Lotions	+ 11.7	+ 20.5	+ 7.9
Infant Clothes	− 18.8	− 14.3	− 17.3
Nursing Supplies	+ 0.7	+ 1.6	+ 1.3
DEODORANTS	+ 5.3%	+ 8.4%	+ 5.7%
Sprays	− 0.1	− 3.8	− 7.2
Roll-Ons	− 1.7	+ 4.1	+ 4.3
Stick Deodorants & Pads	+ 12.0	+ 9.9	+ 7.6
Creams	− 10.9	− 13.9	− 10.2
Deodorants & Talcum Powders	+ 12.3	+ 10.0	+ 49.8
Feminine Hygiene Deodorants	+ 6.3	+ 28.2	+ 44.3
Foot Deodorants & Athlete's Foot Remedies	+ 11.6	+ 5.8	+ 7.4
Feminine Douches	+ 6.0	+ 9.1	+ 15.8
FIRST AID	+ 6.2%	+ 3.4%	+ 2.4%
Antiseptics	+ 5.6	+ 3.4	+ 0.7
First Aid Products	+ 6.3	+ 3.4	+ 2.9
HAIR CARE NEEDS	+ 3.7%	+ 7.9%	+ 5.1%
Shampoos	− 2.3	+ 0.9	0.0
Hair Sprays	+ 18.3	+ 28.2	+ 17.3
Hair Conditioning Rinses	+ 1.4	+ 3.6	+ 3.7
Hair Setting Needs	+ 7.8	+ 13.7	+ 9.4
Home Permanent Kits	− 5.5	− 8.9	− 12.9
Hair Coloring	+ 2.2	+ 3.0	+ 7.2
Hair Dressing Needs	− 4.4	− 5.1	− 4.4
ORAL HYGIENE	+ 6.6%	+ 1.4%	− 0.8%
Toothpastes & Powders	+ 5.2	+ 0.1	+ 2.5
Mouthwashes	+ 20.8	+ 11.2	− 10.6
Breath Fresheners	− 6.1	− 2.6	− 6.3
Denture Cleaners	0.0	− 7.8	− 3.6
Denture Adhesives	+ 2.3	− 0.5	+ 0.5
Toothbrushes	− 2.0	− 1.7	+ 4.1
Dental Aids	+ 6.6	− 2.6	+ 3.1
PROPRIETARY REMEDIES	− 0.8%	− 0.6%	+ 8.8%
Antacids	+ 1.2	+ 3.6	+ 5.6
Internal Analgesics	− 3.5	+ 0.8	+ 12.4
External Analgesics	− 0.7	− 2.0	− 4.7
Cold Remedies	+ 2.3	+ 0.5	+ 13.8
Nasal Sprays—Drops—Inhalers	− 3.4	− 5.0	− 1.5
Chest Rubs	− 14.4	− 11.5	+ 9.7
Cough Remedies	− 6.2	− 10.8	+ 4.4
Laxatives	+ 3.9	+ 1.5	+ 12.8
Sleeping Aids	+ 16.4	+ 13.4	+ 15.5
Tranquilizers	− 0.2	+ 4.1	− 7.2
Synthetic Vitamins	+ 2.8	+ 13.5	+ 7.0
Eye Care Products	+ 18.5	+ 31.1	+ 15.1
Appetite Suppressants	+ 14.8	+ 4.4	+ 26.4
SHAVING NEEDS	− 2.8%	+ 0.5%	− 1.1%
Shaving Creams	+ 3.6	+ 8.9	+ 1.9
Pre-Shave Lotions	+ 3.2	+ 4.9	+ 0.5
After-Shave Lotions	− 0.8	+ 7.4	+ 3.9
Razor Blades	− 5.7	− 3.5	− 2.9
Razors & Blades	− 4.6	− 6.0	− 1.7
SKIN CARE AIDS	+ 2.9%	+ 14.6%	+ 4.8%
Hand & Body Creams & Lotions	+ 10.1	+ 20.6	+ 5.5
Facial Preparations	− 5.4	+ 1.5	+ 4.1
Lip Care Products	− 3.5	+ 8.0	+ 9.4
Suntan Lotions & Oils	+ 13.2	+ 56.2	− 28.2
Cosmetic & Medicated Skin Aids	+ 5.5	+ 4.1	+ 3.4
TOTAL ALL CATEGORIES	+ 2.0%	+ 2.9%	+ 4.4%

for kids and those geared toward plaque reduction have contributed greatly to the category's growth.

Proprietary remedies get hot

Of the 10 proprietary remedies categories that showed increases in February, the greatest increase came from appetite suppressants (up 26.4 percent). Sleeping aids (up 15.5 percent), eye care products (up 15.1 percent), cold remedies (up 13.8 percent), laxatives (up 12.8 percent) and internal analgesics (up 12.4 percent) all showed double digit growth.

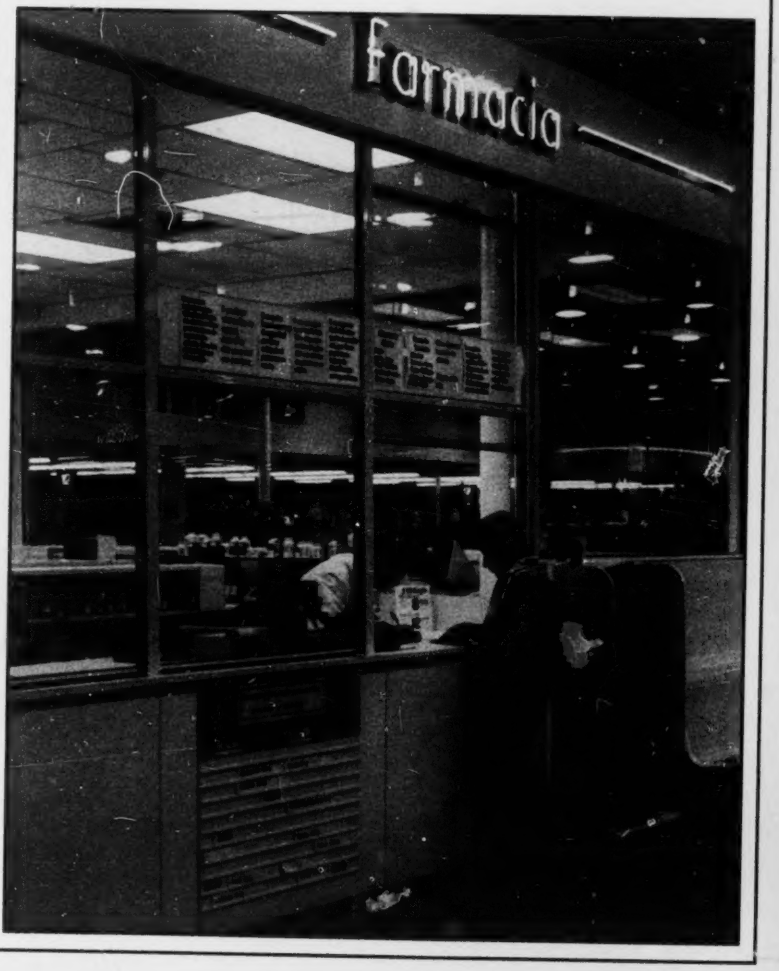
Among internal analgesics, much of the category momentum was due to the sales vitality of aspirin and aspirin compounds resulting from favorable publicity on the use of these products for heart attack prevention. A banner season for colds and flu drove up sales of cold remedies, chest rubs (up 9.7 percent) and cough remedies (up 4.4 percent).

The only proprietary remedies experiencing losses were external analgesics (down 4.7 percent), nasal sprays-drops-inhalers (down 1.5 percent) and the traditional decline in the tiny-volume tranquilizer category (down 7.2 percent).

Sales of shaving needs as a product group receded 1.1 percent, primarily as a result of weakness in the high volume razor blades category (down 2.9 percent). There were small advances for shaving creams (up 1.9 percent) and pre-shave lotions (up 0.5 percent), and a more significant gain for after-shave lotions (up 3.9 percent).

The 4.8 percent four-week gain for skin care aids was less than the 6.7 percent gain on a 12-week basis or the annual increase of 9.3 percent. The best performance was achieved by lip care products (9.4 percent). the only category with a loss was suntan lotions and oils (down 28.2 percent)—always a low-volume category in February.

Hand and body creams and lotions increased 5.5 percent—sharply lower than the 20.6 percent increase in January. Facial preparations, which had shown sales weakness throughout 1987, gained 4.1 percent. Cosmetic and medicated skin aids increased 3.4 percent. ■



SUPERMARKET BUSINESS

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PART ONE
OF TWO PARTS

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JUNE 1988

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Which shoppers shop where and for what reasons? Today, answers to how consumers make specific store and product decisions are more clear and available.

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BOB HUGHES

The chain's newest store combines elements of its Food Emporium and black-and-white Futurestore into an appealing, upscale city supermarket in the heart of New York.

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AMY LIPTON

And there's not a retailer in the bunch who doesn't have something to say about the right way to train green employees—and the wrong way.

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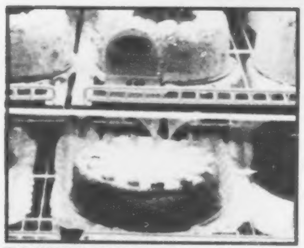

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Everyone agrees that training and supervision are essential to turning out consistently high-quality baked goods, but that's easier said than done, in many cases. How good are supermarket baked products? And how good should they be?

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Cover photograph by Peter Brauné.

EDITOR'S VIEW

By Ken Partch, Editor-in-Chief

Of produce and taste

It is truly a marvelous development that in this country we can have fresh fruit and vegetables available in nearly all seasons of the year in nearly all parts of the country. I mean that sincerely.

But there are times when I feel we pay an unnecessary price—not so much in dollars, but in taste and other measures of quality. And, of course, almost all the other measures of quality are usually reflected in taste.

And I do not mean to champion the people who want us to go back to all local farming, no pesticides and no inorganic fertilizers, regardless of the consequences. I also realize that when a group is at the ramparts of a radical movement, it can brook no compromises—or so it usually feels. And so it has been with the so-called organic farming movement, and the natural foods movement. I do not champion them because it is usually next to impossible to ever "go back" to any other time in anything. The best we can usually do, is to admit our mistakes, stop doing what we must stop doing, and go on from there.

The gourmet's farm stand

But anyone can see that there is some argument on the side of Tom Chino, of The Chino Farm of Rancho Sante Fe, north of San Diego, that is managed by the Chino family of Japanese American farmers. This is the farm that is widely recognized as the gourmet's, and the gourmet restaurant's, farm stand. Marion Burros of *The New York Times*, in her column, "De Gustibus" (of taste), recently interviewed Mr. Chino on how he manages to grow such marvelous produce, and how he feels about most commercial produce.

In her column, she quotes Tom Chino, who does not have many nice things to say about the produce industry, or supermarkets either. Mr. Chino feels that what is grown commercially and how it is harvested and packaged has little to do with taste and quality of the produce.

"The prime determinants are how well produce survives transportation and how good it looks on supermarket shelves," says Mr. Chino. Mr. Chino was going to say these things to a group of food writers at a seminar held recently, but the sponsors cancelled Mr. Chino when they got a look at his speech.

Throwing stones?

I think that was too bad, but I understand it. The sponsors didn't want to look as if they were throwing stones at supermarket produce buyers, who also happen to buy the sponsors' products. Perhaps the produce industry itself should invite Mr. Chino to one of its own meetings. I am sure that supermarket produce buyers are tough enough to take any criticism, and many do want to learn. After all, the produce buyer doesn't dictate what is grown and shipped, but he might have a positive influence if he expresses some concern. And it isn't that we all haven't heard all this before, and that we haven't all said it to each other at one time or another. That's exactly why it should be said by somebody like Mr. Chino.

After all, bananas were not *always* shipped on container ships and in boxes. They used to be shipped right on the banana "hands," and there was a lot of damage and a lot of waste. Somebody had to do something about that.

It's also not very long ago that every consumer survey showed that consumers wanted their produce "loose," or in bulk, as we say. But at the time, they got 90 percent of it packaged. Even bananas came wrapped in film. Today, most produce is displayed in bulk, because some courageous retailers decided that people wanted it that way and it looked more "natural."

Learning to localize

As we learn to localize more and more marketing and merchandising, we may have to learn more about localizing the marketing and merchandising of produce. Nobody means to say that it is possible to keep the nation in fresh lettuce without growing most of it in California, Florida and Arizona. It requires great, open acreages, with lots of water and sunshine. But we are importing more and more Mexican, Chilean and Brazilian fruit in the off-season. It is expensive. But if the consumer wants it, it's worth it. After all, there's nothing cheap about lettuce just before we get that first winter crop. So "price" is not the only criterion we look for.

Similarly, if some consumers want ripe tomatoes, and ripe or nearly ripe bananas, it should not be too difficult to get them in season. I clearly remember when supermarket warehouses had banana holding rooms. But there are chains (at least in the East) that see nothing wrong with displaying emerald green bananas that will take a week to ripen, if I buy them when they're on display.

Similarly with melons. Just the other week, I let a cantaloupe really ripen (to where the outside begins to turn white—not green). It took almost a week. The fruit was marvelous. I'd almost forgotten what a ripe cantaloupe tasted like. Certainly you won't get them in most restaurants.

Seeing red

But not all fruits will ripen off the tree or vine. It is common, today, to see displays of sort-of-ripe, red tomatoes with a sign that says "vine ripened tomatoes." Well, we've got the sign right, but the product still has a long way to go. It's the same with some of those tomatoes with the little brand names on them. They're red, but are they ripe?

And the waste involved is not an answer. For the consumer, if it is a piece of fruit that will never ripen, it is all waste. And supermarkets are not the only offenders. Unless I am in a four-star restaurant, I almost always ignore the tomatoes. There can't be anything more local than a restaurant, but where do they

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EDITOR-IN-CHIEF:
Kenneth P. Partch

EXECUTIVE EDITOR:
Bob Hughes

MANAGING EDITOR:
Tony McGinty

SENIOR EDITORS:
Daniel Elman
Amy Lipton

EDITORIAL ASSISTANT:
Lauren Lekoski

CONSULTING ART DIRECTOR
Ellen Blissman

ART ASSOCIATES:
Andrea L. Gallo

CONTRIBUTING EDITORS:
Produce: **Barney H. McClure**
Meat: **Kenneth Johnson**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **John Baskin**

ASSOCIATE PUBLISHER:
Carol Fensholt

CIRCULATION MANAGER:
Barbara Kummer

PRODUCTION DIRECTOR:
Dennis Davidson

RESEARCH DIRECTOR:
David Litwak

ADVERTISING SALES:

EAST
SOUTHEAST REGIONAL SALES MANAGER
Peter Beyrent

NORTHEAST REGIONAL SALES MANAGER
Thomas Dean

NATIONAL SALES MANAGER FOR NONFOODS BUSINESS
Maggie McAleer

SALES DEVELOPMENT MANAGER
Janet Isenberg

MARKETING MANAGER
Janet Torres Cepeda

Fieldmark Media
25 W. 43rd Street, Suite 707
New York, N.Y. 10036

CHICAGO
VICE PRESIDENT, NATIONAL ACCOUNTS
Dave Wishard

REGIONAL SALES MANAGER
John Sonderegger

Fieldmark Media
7366 N. Lincoln
Lincolnwood, Ill. 60646
312-673-6737

WEST COAST
Sue Merritt

Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
818-783-5888

FIELDMARK MEDIA
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
212-354-5169

PRESIDENT AND PUBLISHER:
Jeffrey A. Schaeffer

VICE PRESIDENT, ADMINISTRATION:
Catherine Cahill

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CORPORATE OFFICERS
SOSLAND PUBLISHING COMPANY
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BPA ABP Association Of Business Publishers, Inc.

STORE PLANNING

The Future for Membership Clubs: Is This 'Limited Assortment Stores II?'

The clubs have made steady gains, but their impact is likely to be more limited than some industry pundits would have us believe.

Sam's Wholesale Club, above, has annual sales of $50 million plus with a severely limited line of merchandise.

During the last two or three years, there has been a deluge of attention given to the rapid development and growth of membership wholesale clubs. Some observers have pointed to the high volumes (up to $125 million per unit per year) of these retail/wholesale hybrids that sell food, groceries and general merchandise to wholesale and individual customers. Other observers have claimed that "one out of four shoppers visit them regularly," and have projected annual club sales of over $20 billion by 1990 (see Table 1).

But is this attention and concern is overdone— at least from the viewpoint of the supermarket industry. A good look at the concept produces strong feelings of déjà vu. For example, although the current Price Club formulation dates only from 1976 and is undeniably innovative and successful (see Table 2 for a summary definition of membership wholesale clubs), this is now the third time around for membership retailing. The first time around was during the 1930s and the second was in the 1950s and 1960s (remember Gemco and Fedco?).

In addition, there are some interesting parallels between membership clubs and limited assortment stores. The latter grew rapidly in the late 1970s and early 1980s and then flattened (to put it mildly) to their present minor position in the U.S. grocery industry.

There are four main reasons for exercising caution about the future significance of membership clubs within the retail grocery industry:

☐ **High cost.** The clubs have heavy start up and entry costs. For example, it reportedly costs $10 million to open each new Pace Membership Club.

For this reason, many of the club chains are now owned and financed by major corporations. Sam's Wholesale Club is owned by Wal-Mart, B.J.'s by Zayre, and Price Savers by The Kroger Co.

☐ **Heavy volume.** At a gross margin of ten percent or less, the membership club needs heavy, steady volume for profitability.

Table 1
THE GROWTH OF MEMBERSHIP CLUBS

YEAR	NO. OF UNITS	ESTIMATED INDUSTRY SALES ($ millions)
1976*		
1983	36	1,000
1986	228	8,200
1987	325	12,000
1988	?	14,000 ?
1990	?	20,000 ?

*Price Club originates the concept

If these are achieved, the club has minimal working capital requirements, but if not, the club can lose money rapidly, as some operators have found.

To date, only Sam's, Price Club and Costco appear to have been consistently profitable. The Wholesale Club and The Warehouse Club have reported losses, Super Savers had to be acquired by Sam's and The Sports Club (a sporting goods variant) has just filed for bankruptcy under Chapter 11.

☐ **Sales to businesses.** At face value, the available sales statistics tend to overstate the potential impact of clubs on the retail grocery industry. For example, food, groceries and sundries *do* typically represent between 1,500 and 2,000 SKUs, and account for between 43 and 59 percent of total club sales.

However, wholesale/business members account for the majority of club sales (see Table 2) and include the operators of restaurants and small grocery stores. For example, at Kroger's Price Savers operation, business customers account for a reported 62 percent of total sales even though they represent only ten percent of all customers.

Further, the better performing (that is, more profitable) clubs tend to be those with the highest proportion of business sales. This suggests less of an impact on supermarkets and retail grocers in general, and more on wholesalers.

This conclusion is supported by the results of regular telephone research done in San Diego, the birthplace of the membership wholesale club, by DSR Marketing Systems Inc. During three years of studies (1985 through 1987), the market share of consumer spending on food and groceries achieved by membership clubs is estimated to have ranged between only 1.0 and 1.5 percent.

☐ **High threshold.** Given their dependence on business customers and high volume, the clubs have very high market threshold needs and, to date, are primarily a "major metro" phenomenon. In general, a ten-mile radius trading area is required, including a population of between 400,000 and 500,000 versus "only" 120,000 for a

Continued on page 59

By David Rogers, DSR Marketing Systems, Inc.

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 1/29/88	4 WEEKS ENDING 2/26/88	4 WEEKS ENDING 3/25/88
BABY NEEDS	[illegible]	[illegible]	[illegible]
Baby Powders	−10.3	− 7.8	−10.1
Baby Oils, Creams & Lotions	+20.5	+ 7.9	+ 8.1
Infant Clothes	−14.3	−17.3	−18.7
Nursing Supplies	+ 1.6	+ 1.3	+ 2.2
DEODORANTS	[illegible]	[illegible]	[illegible]
Sprays	− 3.8	− 7.2	+ 2.2
Roll-Ons	+ 4.1	+ 4.3	+ 4.0
Stick Deodorants & Pads	+ 9.9	+ 7.6	+ 8.3
Creams	−13.9	−10.2	− 8.5
Deodorants & Talcum Powders	+10.0	+49.8	+13.4
Feminine Hygiene Deodorants	+28.2	+44.3	+22.8
Foot Deodorants & Athlete's Foot Remedies	+ 5.8	+ 7.4	+ 8.4
Feminine Douches	+ 9.1	+15.8	+11.0
FIRST AID	[illegible]	[illegible]	[illegible]
Antiseptics	+ 3.4	+ 0.7	+12.5
First Aid Products	+ 3.4	+ 2.9	− 1.9
HAIR CARE NEEDS	[illegible]	[illegible]	[illegible]
Shampoos	+ 0.9	0.0	− 6.4
Hair Sprays	+28.2	+17.3	+11.6
Hair Conditioning Rinses	+ 3.6	+ 3.7	+ 1.9
Hair Setting Needs	+13.7	+ 9.4	+ 2.3
Home Permanent Kits	− 8.9	−12.9	−12.8
Hair Coloring	+ 3.0	+ 7.2	− 1.1
Hair Dressing Needs	− 5.1	− 4.4	− 7.3
ORAL HYGIENE	[illegible]	[illegible]	[illegible]
Toothpastes & Powders	+ 0.1	+ 2.5	− 1.9
Mouthwashes	+11.2	−10.6	−12.9
Breath Fresheners	− 2.6	− 6.3	− 7.4
Denture Cleaners	− 7.8	− 3.6	+ 0.6
Denture Adhesives	− 0.5	+ 0.5	+ 3.1
Toothbrushes	− 1.7	+ 4.1	+ 6.4
Dental Aids	− 2.6	+ 3.1	+12.9
PROPRIETARY REMEDIES	[illegible]	[illegible]	[illegible]
Antacids	+ 3.6	+ 5.6	+ 1.7
Internal Analgesics	+ 0.8	+12.4	+ 8.1
External Analgesics	− 2.0	− 4.7	+ 3.3
Cold Remedies	+ 0.5	+13.8	+ 3.4
Nasal Sprays—Drops—Inhalers	− 5.0	− 1.5	− 5.7
Chest Rubs	−11.5	+ 9.7	− 2.7
Cough Remedies	−10.8	+ 4.4	+ 1.8
Laxatives	+ 1.5	+12.8	+ 7.9
Sleeping Aids	+13.4	+15.5	+14.3
Tranquilizers	+ 4.1	− 7.2	+ 6.5
Synthetic Vitamins	+13.5	+ 7.0	+ 9.4
Eye Care Products	+31.1	+15.1	+12.4
Appetite Suppressants	+ 4.4	+26.4	+12.8
SHAVING NEEDS	[illegible]	[illegible]	[illegible]
Shaving Creams	+ 8.9	+ 1.9	+ 1.8
Pre-Shave Lotions	+ 4.9	+ 0.5	− 1.8
After-Shave Lotions	+ 7.4	+ 3.9	− 0.7
Razor Blades	− 3.5	− 2.9	− 4.4
Razors & Blades	− 6.0	− 1.7	− 4.0
SKIN CARE AIDS	[illegible]	[illegible]	[illegible]
Hand & Body Creams & Lotions	+20.6	+ 5.5	+ 4.0
Facial Preparations	+ 1.5	+ 4.1	+10.2
Lip Care Products	+ 8.0	+ 9.4	− 1.6
Suntan Lotions & Oils	+56.2	−28.2	+22.7
Cosmetic & Medicated Skin Aids	+ 4.1	+ 3.4	+ 4.7
TOTAL ALL CATEGORIES	[illegible]	[illegible]	[illegible]

HBA Gains Face Slowdown in March

Good gains for deodorants, proprietary remedies and skin care products offset falling demand for hair care, oral hygiene and shaving products.

BY ALAN MILLER JR.

In the parlance of Wall Street, health and beauty aids sales underwent a modest "correction" during the latest four-week SAMI reporting period, which ended March 25, 1988. Unit sales grew 1.8 percent above the level reached during the corresponding period one year ago, but this increase was substantially below the pace-setting 4.6 percent hike recorded during the preceding 28-day period.

On a dollar-for-dollar basis, all 52 HBA categories combined rose 6.2 percent, exceeded only by the seven percent upsurge among frozen foods, a category that was heavily promoted in March. Four-week sales in these HBA categories totalled $655.4 million, a gain of more than $38 million over the same period one year ago.

The dollar gain rate for HBA items was more than double the increase for dry grocery nonfood (up 3.0 percent) and dry grocery food (up 2.8 percent). The 1.8 percent increase in HBA units was well ahead of the 0.1 percent increase for dry grocery nonfoods products, but lagged behind the poundage performance among the three food departments: frozen, refrigerated and shelf-stable.

Unit volume in five of the eight HBA product groups moved higher, but trailed behind last year's movement in three groups. The highest gain rate came in deodorants (up 6.4 percent), followed by the increase for skin care aids (up

Outsells 9 out of 10 feminine hygiene products

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Vagisil.
FEMININE ITCHING MEDICATION

SAMI UPDATE

5.7 percent) and proprietary remedies (up 4.9 percent). The losses were found among oral hygiene products (down 2.8 percent), shaving needs (down 2.5 percent) and hair care needs (down a mere 0.1 percent).

There were 34 HBA product categories in the plus column, 18 in the minus column. There were ten categories with double-digit gain rates, the best being suntan lotions and oils, which grew at a clip of 22.7 percent as tanning season commenced. There were only four HBA categories with loss rates in excess of 10 percent over the past year: infant clothes (down 18.7 percent), mouthwashes (down 12.9 percent), home permanent kits (down 12.8 percent) and baby powders (down 10.1 percent).

Although two of the four HBA categories were in the losers' circle, gains of 8.1 percent for baby oils creams and lotions, and 2.2 percent for nursing supplies were sufficient to create a 1.1 percent increase for the whole product group. The only important new product to surface among baby needs during the past two years has been Baby Magic Rich N' Creamy, which has managed to become a major brand without taking volume from the regular Baby Magic line.

Share gains in deodorants

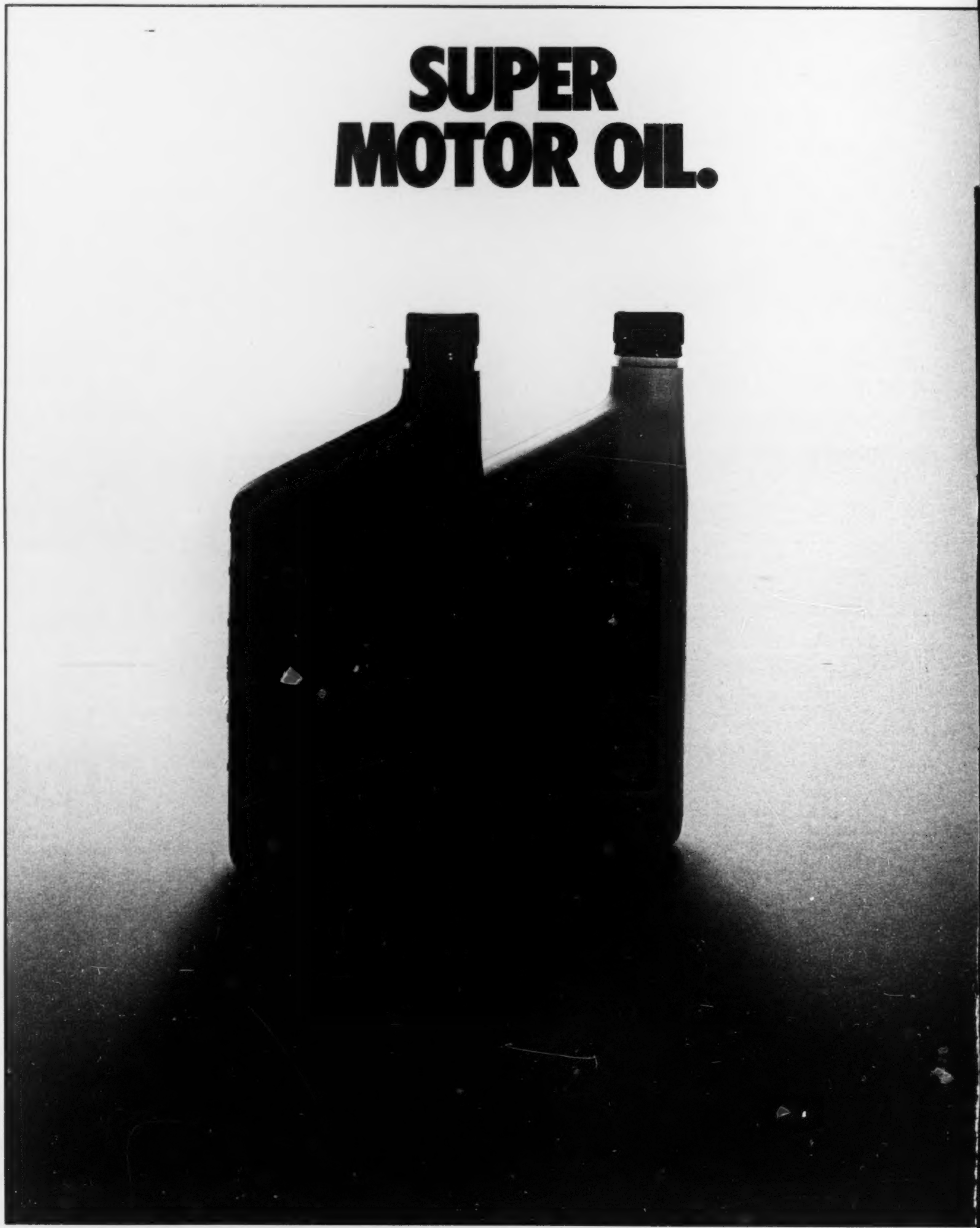
The only personal deodorant category to demonstrate sales weakness was creams, a category which has been fading over a long period. The highest gain rates came among feminine hygiene deodorants (up 22.8 percent), deodorant and talcum powders (up 13.4 percent) and feminine douches (up 11.0 percent).

Strong performances by the leading brands in the deodorant talcum powder and feminine douches categories were responsible for the solid increase. Both Shower to Shower and Massengill, the leaders in the two categories, enjoyed share gains. Spray deodorants were able to move over to the plus side of the ledger in contrast to the 2.9 percent loss they had experienced for the past 12 weeks. The four-week gain rates for both roll-on deodorants (up 4.0 percent) and stick deodorants and pads were very close to their 12-week trend rates. Foot deodorants and athlete's foot remedies showed a gain of 8.4 percent with Micatin and Tinactin faring extremely well of late.

There are only two categories in the first aid product groups and the results were mixed in March. First aid antiseptic unit volume rose 12.5 percent, due, in part, to the completion of a national roll-out for Burroughs-Wellcome's Polysporin and a strong sales period for Thompson Medical's Cortizone-5. Volume of first aid products trended downward 1.9 percent as compared with a 2.9 percent gain in the February reporting period. There have not been any important new products in this category during the past year.

Shampoo is off

A loss of 6.4 percent in the high volume shampoo category was enough in itself to create a negative trend in the hair care needs product group. There were also losses for home permanent kits (down 12.8 percent), hair dressing needs (down 7.3 percent) and hair coloring (down 1.1 percent). The drop in shampoo volume came despite the introduction of three new brands during the past year: Textra, Sesame Street and Clean



& Clear. Helene Curtis' Salon Selectives completed national distribution.

Hair spray volume continues to soar, but the most recent four-week sales gain is lower than the 18.9 percent increase on a 12-week basis or the 16.3 percent gain for the full year. There were small gains for both hair conditioning rinses (up 1.9 percent) and hair setting needs, but in each instance, the most recent 28-day gain was less than the performance on a 12 week basis.

Listerine in front again

The loss in the oral hygiene product group can be attributed to weakness among mouthwash products. The sales level in the March 1987 period was inflated by high sales of the Scope peppermint flavor that had just been introduced. During the 12 weeks ending March 25, dollar sales of Listerine once again passed Scope for the first time in nearly a year. There were two new national brands of mouth wash introduced during the past 52 weeks: Colgate Tartar Control and N'ice. Plax has now become entrenched in the number three spot in the category.

Sales of tooth paste and powder lagged behind the March 1987 level in spite of the presence of four new brands that were not marketed in March of last year: Aim Anti-Tartar, Oral B Muppet, Close-Up Tartar Control and Crest for Kids. In addition, Arm & Hammer Dental Care and Caffree rolled out into new markets and both Colgate Tartar Control and Ultra Brite enjoyed improved shares.

There were four-week gains for three oral hygiene categories that show minus trends on an annual basis: denture cleaners, denture adhesives and toothbrushes. Unit sales of dental aids climbed 12.9 percent.

There were only two categories of proprietary remedies with loss rates out of the 14 tracked by SAMI. Nasal sprays-drops-inhalers fell 5.7 percent, while chest rubs moved down 2.7 percent. The other two categories covering respiratory ailments were ahead, although not as dramatically as cold remedies (up 3.4 percent) and cough remedies (up 1.8 percent).

Big gains for aspirin

The big news in the internal analgesics category was the focus of attention on aspirin resulting from a well-publicized *The New England Journal of Medicine* report, which suggested that daily use might help prevent heart attacks. The 8.1 percent increase in the entire category that followed that news translates to almost two million units in one month alone.

Double-digit gain rates were achieved by sleeping aids (up 14.3 percent), eye care products (up 12.4 percent) and appetite suppressants (up 12.8 percent). Sominex is the growth brand among sleeping aids and new Stay-Trim has expanded volume in the appetite suppressants category. Two new products by Ciba have helped the eye care products category to grow: Aodisc and Ciba Vision.

There was only one category in five among shaving needs with plus volume. Shaving creams were ahead 1.8 percent for the four weeks, 4.2 percent for the 12 weeks and 2.7 percent for the full year. Modest loss rates were found in the preshave (down 1.8 percent) and after shave categories (down 0.7 percent), while high rates of attrition befell razor blades (down 4.4 percent) and razors and blades. ■

SUPER COMMITMENTS.

COMMITMENT #1
SUPER ADVERTISING.

We started by drafting one of the top spokesmen on TV today, John Madden. Then we put together a game plan that's unbeatable. We're on television–cable and spot. We're on radio, with contemporary, rock and country versions of an award-winning jingle called "Go With The Flo, Go SUPERFLO.™" We've got exciting 4-color magazine ads that play right off the TV spots. With this year's super ad campaign delivering over a billion impressions, we're clearly positioning SUPERFLO as one of the most exciting products in the business.

COMMITMENT #2
SUPER MERCHANDISING.

We're giving you one of the strongest co-op programs in the business. With many of the available pieces (POS and newspaper ads) featuring John Madden.

GEOFF BODINE
KEN SCHRADER
DARRELL WALTRIP

There's also a very aggressive consumer rebate program. And one of the most exciting point-of-sale programs you'll see all year.

COMMITMENT #3
SUPER RACING PROGRAM.

This year, we're coming off the line with our strongest NASCAR® racing program ever. We'll be heavily promoting the SUPERFLO Race Team–Geoff Bodine, Ken Schrader and Darrell Waltrip–in print and on TV and radio, emphasizing that the same motor oil these winning drivers use in their race cars can be bought off the shelf in your stores. The SUPERFLO Race Team will be appearing in selected local promotions.

COMMITMENT #4
SUPER PRODUCTS.

With our outstanding Wearban® additive, no leading motor oil protects your engine better against wear than SUPERFLO. And yet, every day, we're working to improve it, to make it even better. That commitment also extends to our packaging. Our new 12-quart carton (which will be available soon in your area) will have the highest-impact graphics on your shelf. When customers come to your store, it's bound to be the first one they see. We're making other package improvements too with new SUPERFLO 2-cycle, and soon, a new 4-quart jug.

With a super program like this, you'll see a lot of people coming into your store this year looking for SUPERFLO motor oil. Make sure you're ready. Call your Exxon representative, or Exxon Sales Manager, Tom Loiacano at (713) 656-8539. And...

GO WITH THE FLO. GO SUPERFLO. EXXON

SAE 10W-40
SUPERFLO
MOTOR OILS EXXON
SUPERFLO

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STORE PLANNING

Continued from page 19

super warehouse store.

These market requirements mean that there can only be a small number of clubs in any metropolitan area, thereby reducing the long term level of impact on the industry.

The Wal-Mart operation is now developing a "small store" prototype (68,000 square feet, 2,800 SKUs) for smaller markets, presumably prompted by their need for more choices of location. Obviously, the jury is still out on this scaled-down operation, but the reduced number of SKUs in these smaller units will help maintain the limited level of impact.

The membership wholesale clubs have successfully found a niche within the distribution network and, in some situations, they have filled a low-end void in consumer grocery spending. They will also have some impact on the supermarket industry through their low-price impression. But their long-term impact and role within the retail grocery industry is likely to be more limited than some of the projections aired to date by industry pundits. ■

Table 2
CHARACTERISTICS OF MEMBERSHIP CLUBS

- **A retail/wholesale hybrid**
- **Size (gross area):** 100,000 square feet
- **SKUs:** 2,000-5,000 (versus 20,000 for a supermarket)
- **Gross margins:** 8-13 percent overall (groceries 6-9 percent)
- **Expenses:** 6-8 percent (labor 3-5 percent)
- **Break-even sales:** $25-35 million per year.
- **"Typical" sales per unit:** $30-50 million (Sam's $50 million plus, Price Club $100 million plus)
- Spartan fixtures and facilities.
- Little or no advertising.
- Secondary (cheap) sites.
- Limited hours of operation.
- Limited labor and services.
- **Customers.** Wholesale customers pay an annual fee (around $25). Prices paid by individual customers are marked up five percent.
- **Customer mix:** Wholesale (business) customers account for 5-30 percent of all customers but 50-60 percent of sales.
- **Sales mix:**
  - Food . . . . 20-35% (of total sales)
  - Groceries/Sundries* . . . 40-60%
  - General Merchandise. . . 40-60%

*That is, candy, HBA, tobacco products, cleaning supplies, alcohol, etc.

COVER STORY

Continued from page 26

demographic attributes they have in common.

☐ Identifies what demographic features may cause stores to have common behavior.

8. **Share:**

☐ Estimates the relative importance of retail product categories for each store in the system, based on demographics.

9. **Real Estate:**

☐ Identifies sites where stores might be successfully located.

☐ Evaluates store sites for success potential, by analyzing shopper profiles and shopping patterns for any given map coordinates.

☐ The system contains the data and analytics allowing retailers to evaluate site selections in the privacy of their own offices.

Three additional modules available only with the Sales Manager and Product Manager series are:

1. **Promotion Proposal Generator:**

☐ A planning system for developing custom trade promotion programs to respond to local opportunities.

☐ Produces full edited text, customized promotion proposals, ready to send for approval.

☐ Has ability to build promotion recommendations based on a product's potential and a retailer's cost for various merchandising programs.

☐ Proposal is developed by considering a product's sales potential by store and customer, store characteristics, current trade offers and historical volume by pack size/flavors.

☐ Develops performance requirements.

2. **Fund Administrator:**

☐ A program for district sales offices that manages local promotion budgets.

☐ Monitors fund status by trade customer.

☐ Gives immediate knowledge of remaining funds.

3. **Deployment:**

☐ Suggests how best to assign retail staff for contacting stores.

☐ Looks at purpose of visit, store demographics, location, driving time and individual sales responsibility. ■

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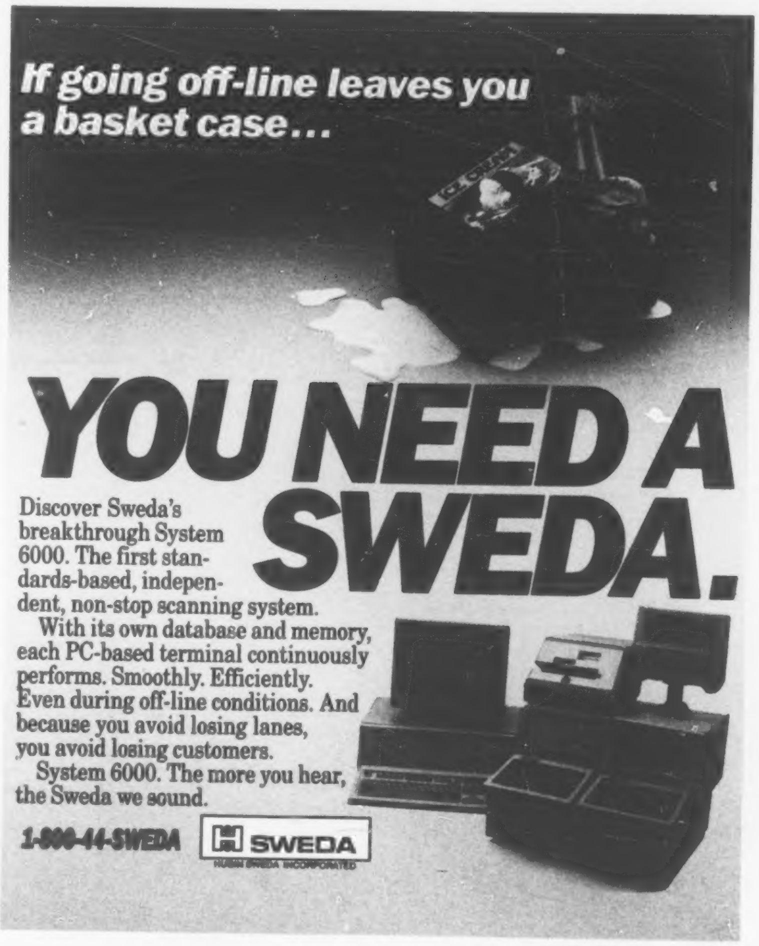
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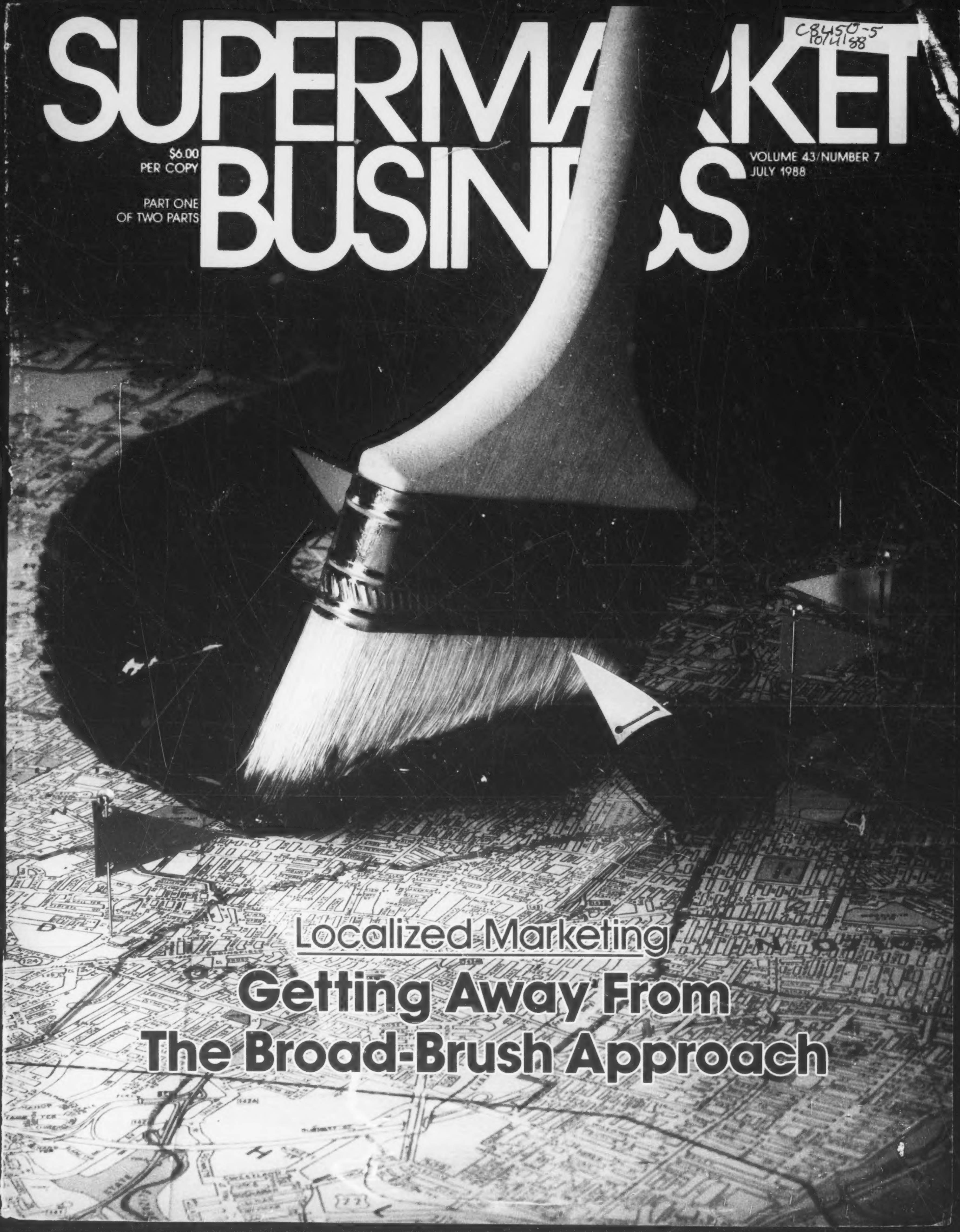

Localized Marketing

Getting Away From The Broad-Brush Approach

JULY 1988

SUPERMARKET BUSINESS

VOLUME 43/NUMBER 7

FEATURES

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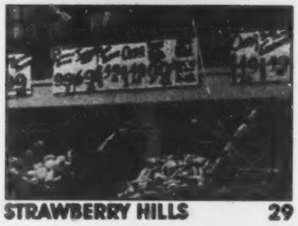
COVER STORY: LOCALIZED MARKETING: GETTING AWAY FROM THE BROAD-BRUSH APPROACH/CAROL FENSHOLT 19

A look at how successful retailers are building or strengthening their success by diversifying their store formats ... much as many of today's successful suppliers are doing by diversifying their product lines.



STRAWBERRY HILLS 29

STRAWBERRY HILLS—NOT JUST ANOTHER FRUIT STAND 29
AMY LIPTON

Personalized service and hands-on management help set this Michigan produce store apart from the local competition. So does the decor, but equipment suppliers be warned: this is your worst nightmare.

PRODUCE MAKES A FASHION STATEMENT/AMY LIPTON 33

Like the window dressers at Saks Fifth Avenue, produce merchandisers with a flair for fashion are treating their products to some stylish displays.

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CATERING 3A

THE GROWING CACHET IN CATERING/BOB HUGHES 3A

As delis become more sophisticated, and offer greater variety, deli operators are moving into more elaborate catering services. Shoppers today have more choices than just a simple cold-cut tray or a platter of cheese and crackers.

TIANGUIS SERVES ITS FAST-FOOD CROWDS 'COMIDA RAPIDA' 11A
BOB HUGHES

The sit-down eating area at the first Tianguis was too successful. It was always crowded. So in its second Tianguis in El Monte, Calif., Vons decided to spread the eating areas around the entire store.

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GIANT TURNS PHARMACIES INTO HEALTH-INFORMATION CENTERS 41
DANIEL ELMAN

Cholesterol screening, tape-recorded health messages and other services make Giant pharmacies more than just prescription counters.

COSMETICS DEPARTMENTS ARE GETTING A FRESH FACE 49
DANIEL ELMAN

Makeovers are bringing a department-store style to supermarket cosmetic counters. The look is distinctive, upscale and high-fashion.

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CHECKOUT: LEAVE THE LUGGING TO US/TONY MCGINTY 74

At the new Grand Union in Kingston, N.Y., the drive-thru grocery pickup is back. Could this signal a new trend—service inside *and outside* the store?

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Cover photograph by Peter Brauné.

EDITOR'S VIEW

EDITOR-IN-CHIEF:
Kenneth P. Partch

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Daniel Elman
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EDITORIAL ASSISTANT:
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Ellen Blissman

ART ASSOCIATES:
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CONTRIBUTING EDITORS:
Produce: **Barney H. McClure**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **John Baskin**

ASSOCIATE PUBLISHER:
Carol Fensholt

CIRCULATION MANAGER:
Barbara Kummer

PRODUCTION DIRECTOR:
Dennis Davidson

RESEARCH DIRECTOR:
David Litwak

ADVERTISING SALES:

EAST:
SOUTHEAST REGIONAL SALES MANAGER:
Peter Beyrent

NORTHEAST REGIONAL SALES MANAGER:
Thomas Dean

SALES DEVELOPMENT MANAGER:
Janet Isenberg

MARKETING MANAGER:
Janet Torres Cepeda

Fieldmark Media
25 W. 43rd Street, Suite 707
New York, N.Y. 10036

CHICAGO:
VICE PRESIDENT, NATIONAL ACCOUNTS:
Dave Wishard

REGIONAL SALES MANAGER:
John Sonderegger

Fieldmark Media
7366 N. Lincoln
Lincolnwood, Ill. 60646
312-673-6737

WEST COAST:
Sue Merritt

Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
818-783-5888

FIELDMARK MEDIA
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
212-354-5169

PRESIDENT AND PUBLISHER:
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VICE PRESIDENT, ADMINISTRATION:
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VBPA ABP

By Ken Partch, Editor-in-Chief

Birth of the Beer/Grain Exchange—and P-O-P Promotion

It is a safe bet that on the day after an enterprising cave man set up the first beer and grain exchange that another cave man tried to figure out how he could influence the sale of beer at the point of purchase for the consideration of a small commission of any increased sales.

I have no idea how it might have been done, but I'll bet again that it was something like banging on a pelt-covered hollow log and shouting, "Get your cold (or warm) beer!" And thus it was that point-of-purchase (P-O-P) advertising and promotion was born.

Things progressed slowly from that great burst of advertising creative energy, we assume, since there is no mention of these activities in ancient Greek and Roman societies by the historians Herodotus, Thucydides or Livy. And it wasn't until the first towns were established, and traveling minstrels and entertainers of the Middle Ages came into being, that anything like modern-day P-O-P advertising and sales promotion really made any mark. And these early "advance" men were usually just selling tickets to the coming show. I don't recall mention of any merchandising tie-ins, such as banners, balloons, whistles or bells, except for the things that warded off evil spirits, disease and other unpleasantries.

Even trading to the Indians and other aborigines, so far as is known, included no premiums, coupons or bonus "free" ounces or beads. No, it wasn't until the patent medicine and elixir men of the Old West that real hucksterism and sales boosting got started. Even Adam Smith makes no mention of how to boost sales performance in the face of adversity and really tough buying/selling days.

True enough, the sales promoter and the "con" man are well known in literature, as witnessed in "The Lightning Rod Man," by Herman Melville, for example. In this story, the lightning rod peddler turns up in the midst of violent thunder and lightning storms, full of questionable expertise on the behavior of lightning, selling fear as much as anything, and knowing full well that people are unlikely to buy at any other time.

Indeed the nineteenth and early twentieth centuries are the period of true inspiration and development of P-O-P hype. The growth of the "carney" and the circus (as we know it) provided an early, if somewhat cynical, guideline as to why people buy. It was P.T. Barnum, in those immortal words, who described the conditions, psychographics, reach and frequency for influencing potential consumers at the point of purchase. It is so much a part of the language of sales promotion that it needs no repetition here.

Enter the mass media

But all of this was merely developmental to the true era of P-O-P exploitation to the fullest—the age of the mass media. It was mass media— newspapers, magazines, and radio, above all, radio—that made it truly possible to gain repeat sales through coupons and premiums, and beginning at the earliest stages of consumer life.

Who would be the last kid on his block to have the Little Orphan Annie Ovaltine mug, or the Buck Rogers signet ring, or the Tom Mix Straight-Shooters six-gun? And what could compare to the ingenious developer of the repeat sale, the bubble gum and Topps baseball card series. It was the birth of the "Box-Top Age!" Alas, we shall probably never see the like again.

But burgeoning technology could not be kept incubating forever. In the age of the supermarket, with unlimited store traffic and unlimited product tie-in opportunity, it would seem that such an over-abundance of point of-purchase performance actually produced a dearth of really creative P-O-P sales promotion.

It was as if the distance between the product and the consumer in the '30s and '40s sparked the creative talent that sent consumers running down to the drug store—right then. While the obvious abundance and availability of product at the supermarket made it possible to delay the purchase to another time—a terrible and disheartening situation.

P-O-P sales promotion and advertising people pondered and sweated over this predicament. Oh yes, the checkout racks offered some hope for some items, but it was still a long reach from the point of truth, and the point of no return to the grocery shelves. But that did not mean that there was no effort being made. The problem usually turned on either the technological problems or the legal hangups.

Lightning strikes

Remember chain lightning? Quite different from Melville's story. [illegible] those born too late to know [illegible] truly exciting days of [illegible] supermarket and its [illegible] impact on marketing, [illegible] promotion, advertising, *et al*, I will explain.

Some sales promotion genius, whose identity went unrecorded, agonizing over the opportunity of influencing sales at the supermarket shelf, with reinforcement from outside media, came up with the idea and presented it to the Grand Union Co. of New Jersey. It was as natural to anyone who has ever had the slightest association with media, advertising or sales as breathing. It was so enticing as to be obsessive. But finding a means of execution, to this day, continues to be as elusive as the Holy Grail itself—almost.

But chain lightning, as it was called, offered an opportunity for the lucky advertiser of brand name products to gain exclusive promotion and instore display, as well as reinforcement in the supermarket chain's own advertising (such as on billboards). The perfect solution to P-O-P

Continued on next page

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 2/26/88	4 WEEKS ENDING 3/25/88	4 WEEKS ENDING 4/22/88
[illegible]			
Baby Powders	− 7.8	−10.1	− 4.1
Baby Oils, Creams & Lotions	+ 7.9	+ 8.1	+12.7
Infant Clothes	−17.3	−18.7	−17.8
Nursing Supplies	+ 1.3	+ 2.2	+ 4.1
[illegible]			
Sprays	− 7.2	+ 2.2	− 6.0
Roll-Ons	+ 4.3	+ 4.0	+ 4.2
Stick Deodorants & Pads	+ 7.6	+ 8.3	+ 5.0
Creams	−10.2	− 8.5	− 7.0
Deodorants & Talcum Powders	+49.8	+13.4	+28.2
Feminine Hygiene Deodorants	+44.3	+22.8	+44.0
Foot Deodorants & Athlete's Foot Remedies	+ 7.4	+ 8.4	+24.6
Feminine Douches	+15.8	+11.0	+10.6
[illegible]			
Antiseptics	+ 0.7	+12.5	+ 9.3
First Aid Products	+ 2.9	− 1.9	+ 2.4
[illegible]			
Shampoos	0.0	− 6.4	+ 1.5
Hair Sprays	+17.3	+11.6	+18.4
Hair Conditioning Rinses	+ 3.7	+ 1.9	+11.2
Hair Setting Needs	+ 9.4	+ 2.3	+ 7.8
Home Permanent Kits	−12.9	−12.8	−16.5
Hair Coloring	+ 7.2	− 1.1	+ 3.9
Hair Dressing Needs	− 4.4	− 7.3	− 9.9
[illegible]			
Toothpastes & Powders	+ 2.5	− 1.9	+ 3.1
Mouthwashes	−10.6	−12.9	+ 8.3
Breath Fresheners	− 6.3	− 7.4	− 6.3
Denture Cleaners	− 3.6	+ 0.6	− 2.0
Denture Adhesives	+ 0.5	+ 3.1	+ 4.8
Toothbrushes	+ 4.1	+ 6.4	+ 0.8
Dental Aids	+ 3.1	+12.9	+ 6.8
[illegible]			
Antacids	+ 5.6	+ 1.7	+ 5.8
Internal Analgesics	+12.4	+ 8.1	+ 7.2
External Analgesics	− 4.7	+ 3.3	+ 8.8
Cold Remedies	+13.8	+ 3.4	+ 6.4
Nasal Sprays—Drops—Inhalers	− 1.5	− 5.7	− 5.4
Chest Rubs	+ 9.7	− 2.7	− 3.5
Cough Remedies	+ 4.4	+ 1.8	− 2.0
Laxatives	+12.8	+ 7.9	+12.8
Sleeping Aids	+15.5	+14.3	+ 5.7
Tranquilizers	− 7.2	+ 6.5	+ 3.3
Synthetic Vitamins	+ 7.0	+ 9.4	+11.8
Eye Care Products	+15.1	+12.4	+16.4
Appetite Suppressants	+26.4	+12.8	+28.6
[illegible]			
Shaving Creams	+ 1.9	+ 1.8	− 0.5
Pre-Shave Lotions	+ 0.5	− 1.8	+ 2.4
After-Shave Lotions	+ 3.9	− 0.7	+ 0.1
Razor Blades	− 2.9	− 4.4	+ 4.0
Razors & Blades	− 1.7	− 4.0	+ 2.3
SKIN CARE AIDS			
Hand & Body Creams & Lotions	+ 5.5	+ 4.0	+ 3.2
Facial Preparations	+ 4.1	+10.2	+ 9.9
Lip Care Products	+ 9.4	− 1.6	+15.1
Suntan Lotions & Oils	−28.2	+22.7	+12.0
Cosmetic & Medicated Skin Aids	+ 3.4	+ 4.7	+ 7.2
TOTAL ALL CATEGORIES			

April Was a Banner Month for HBA Sales In Food Stores

Gain in unit movement for HBA tops all SAMI product categories.

BY ALAN B. MILLER, JR.

During the four weeks ending April 22, 1988, sales of health and beauty aids (HBA) regained the pace it had prior to March. Unit volume rose 5.4 percent and dollars pushed forward 9.5 percent compared to the same period a year ago. The HBA tonnage gain rate was far higher than the growth in other product departments. By way of comparison, the category dry grocery: food advanced only 0.7 percent in pounds and refrigerated product sales were only 0.4 percent ahead of the 1987 pace. Frozen foods lost half a percent in pound measurement. Unit volume of dry grocery: nonfoods items showed an increase of 2.7 percent, or just half the gain rate enjoyed by the HBA products.

The strong performance of health and beauty aids in food stores was not matched in these same categories in drug stores, where four-week unit sales actually fell 0.2 percent, although dollars were 9.2 percent ahead.

All eight of the HBA product groups tracked by SAMI enjoyed four-week unit-volume gains versus the same period one year ago. The gains ranged from a high of 8.2 percent for skin care aids to a low of 2.5 percent for shaving needs. On a product category basis, the gains outpaced the losses by a wide margin, 40 to 12. In four categories, the gain rate exceeded 20 percent: feminine hygiene deodorants (up 44.0 percent), appetite suppressants (up 28.6 percent), deodorant and talcum powders (up 28.2 percent) and foot deodorant and athlete's foot remedies (up 24.6 percent). The highest HBA category loss rate was the 16.5 percent negative trend among home permanent kits.

In the baby needs product group, there were two categories with higher volume and two with lower volume, but the gains were in the two higher-volume categories of baby oils, creams and lotions and nursing supplies, whereas the losses were found among baby powders and infant clothes.

Six out of eight deodorant categories moved upward. In addition to the three previously mentioned, there was a gain of 10.6 percent for feminine douches/washes and smaller increases for stick deodorants and pads (up 5.0 percent) and roll-on deodorants (up 4.2 percent). The two categories exhibiting continuing weakness were sprays and creams, which have lost volume to sticks and roll-ons.

In the first aid product group, antiseptics (up 9.3 percent) are moving ahead more powerfully than first aid products (up 2.4 percent).

In addition to the loss for home permanent kits, there was weakness among hair dressing needs. Each of the other categories of hair care needs demonstrated a stronger four-week trend than was seen on a 12-week basis. Shampoo volume went from a 6.4 percent loss in the March period to a 1.5 percent gain in April. The 18.4 percent gain for hair sprays is even stronger than the 11.6 percent increase in the preceding period or the 15.7 percent performance over a 12-week span.

Spritzes shine

Hair conditioning rinse volume was ahead 11.2 percent as compared with a gain of just 1.9 percent in the prior period. The 7.8 percent improvement for hair setting needs was triggered by the performance of items other than styling mousse products, specifically, gels and spritzes. Hair coloring products moved from a March loss of 1.1 percent to a gain of 3.9 percent in April. The four-week growth rate for the entire hair care needs product group was 6.8 percent as compared with 3.9 percent for the 12 weeks, or a loss of 0.1 percent in the March period.

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SAMI UPDATE

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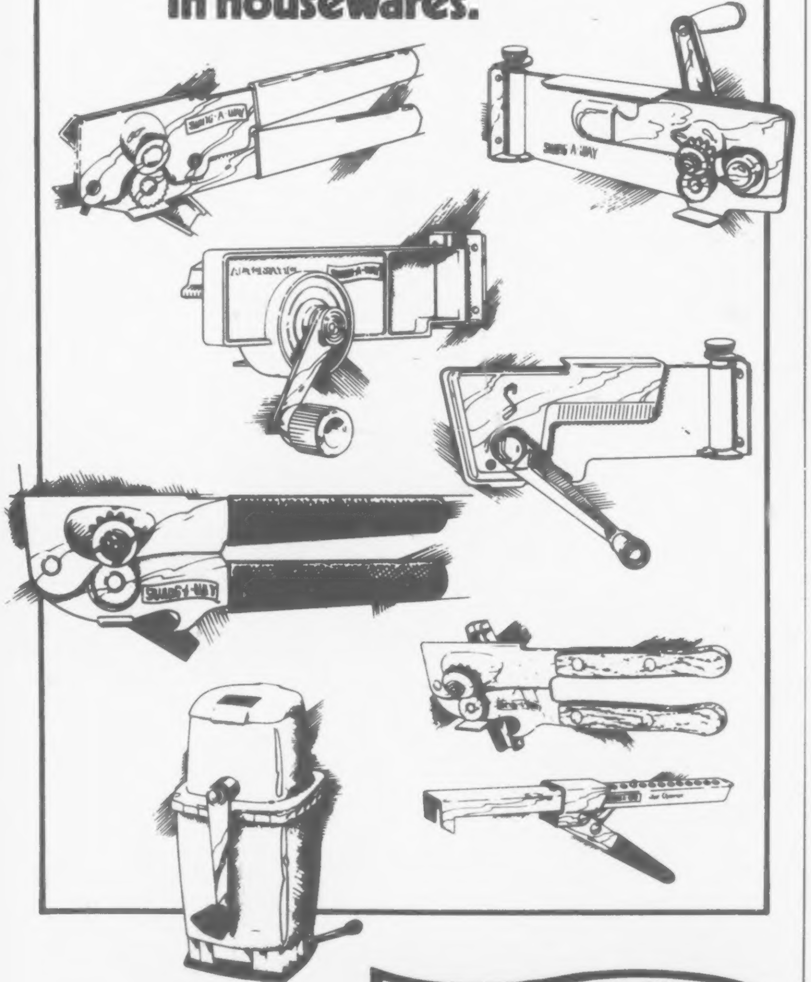
There were two categories with volume losses in the oral hygiene group: breath fresheners (down 6.3 percent) and denture cleaners (down 2.0 percent). Mouthwash volume (up 8.3 percent) picked up after a poor showing in March. Also going from minus to plus was the toothpaste and powder category, where a 3.1 percent gain in April was registered. Rounding out the oral hygiene category gainers were dental aids (up 6.8 percent), denture adhesives (up 4.8 percent) and toothbrushes (up 0.8 percent).

Among the 14 product categories of proprietary remedies on the SAMI roster, only three were on the losing side, and the only high-volume category with a minus was cough remedies, down 2.0 percent after a gain of about the same proportion in the March period. Chest rubs fell 3.5 percent and nasal sprays-drops-inhalers were down 5.4 percent. Of the cough/cold categories only cold remedies was in the black (up 6.4 percent) signifying a more healthy bunch of consumers in April.

There were four proprietary remedies categories with double-digit rates of gain in addition to appetite suppressants: eye care products (up 16.4 percent), laxatives and stool softeners (up 12.8 percent), and natural vitamins, minerals, supplements (up 11.8 percent). The April trend for antacids (up 5.8 percent) was an improvement over the 1.7 percent increase in March, whereas the April gain for internal analgesics (up 7.2 percent) was slightly below the 8.1 percent gain in March. The April trend for sleeping aids (up 5.7 percent) was also below the 14.3 percent increase in March. ■

One of the best-known, best-selling brands in housewares.



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NEW PRODUCTS

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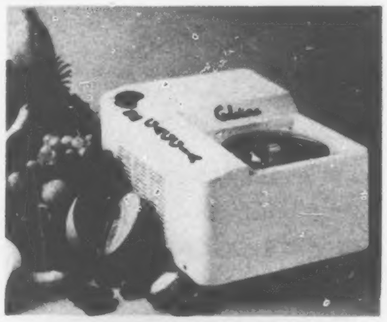

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playtex
DISPOSABLE
BIBS
Crumb-Catcher
12 Count

6

7

New!
no drowsiness
allerest

8

1. **Scentsational:** Rival's new electric mini Potpourri Crock has an ample 12-ounce capacity to provide a long-lasting aroma. *Rival Manufacturing Company, 36th and Bennington, Kansas City, Mo. 64129.*

2. **Gelatiera in your kitchen:** Gaggia introduces the Gaggia Gelatiera, a gourmet ice cream maker for the home. *Richter Bros. Inc., 400 Commerce Boulevard, Carlstadt, N.J. 07032.*

3. **Perfect application:** Maybelline Cream On Eye Shadow resists creasing, fading and flaking. *Maybelline Products, 3030 Jackson Avenue, Memphis, Tenn. 38151.*

4. **Spritz yourself:** Sea Mist Skin and Hair Re-Hydrantante is an all-purpose spritzer used to replenish moisture and instantly revitalize skin and hair. *Freeman Cosmetic Corporation, 7060 Hollywood Blvd., Ste. 202, Hollywood, Calif. 90078.*

5. **High and dry:** A new disposable bib from Playtex has a crumb-catcher to protect baby and floor from spills and a moisture-proof backing to keep baby clean and dry. *Playtex, Inc., 700 Fairfield Avenue, P.O. Box 10064, Stamford, Conn. 06904.*

6. **Let's party!:** Wilton introduces Alf, a new aluminum baking pan with the Alpher's shape baked right in and a reusable plastic face piece. *Wilton Enterprises, Inc., 2240 West 75 Street, Woodbridge, Ill. 60517.*

7. **Nap time has been cancelled:** Allerest now comes in a new, non-sedating formula that doesn't cause drowsiness. *Pharmacraft Division, Pennwalt Corporation, P.O. Box 1212, Rochester, N.Y. 14603.*

8. **Lighting the way:** Snapit's new Sonar Lite is designed with an adjustable sound-sensitive control that automatically turns on the light when a sound occurs. *Cable Electric Products, Inc., P.O. Box 6767, Providence, R.I. 02940.*

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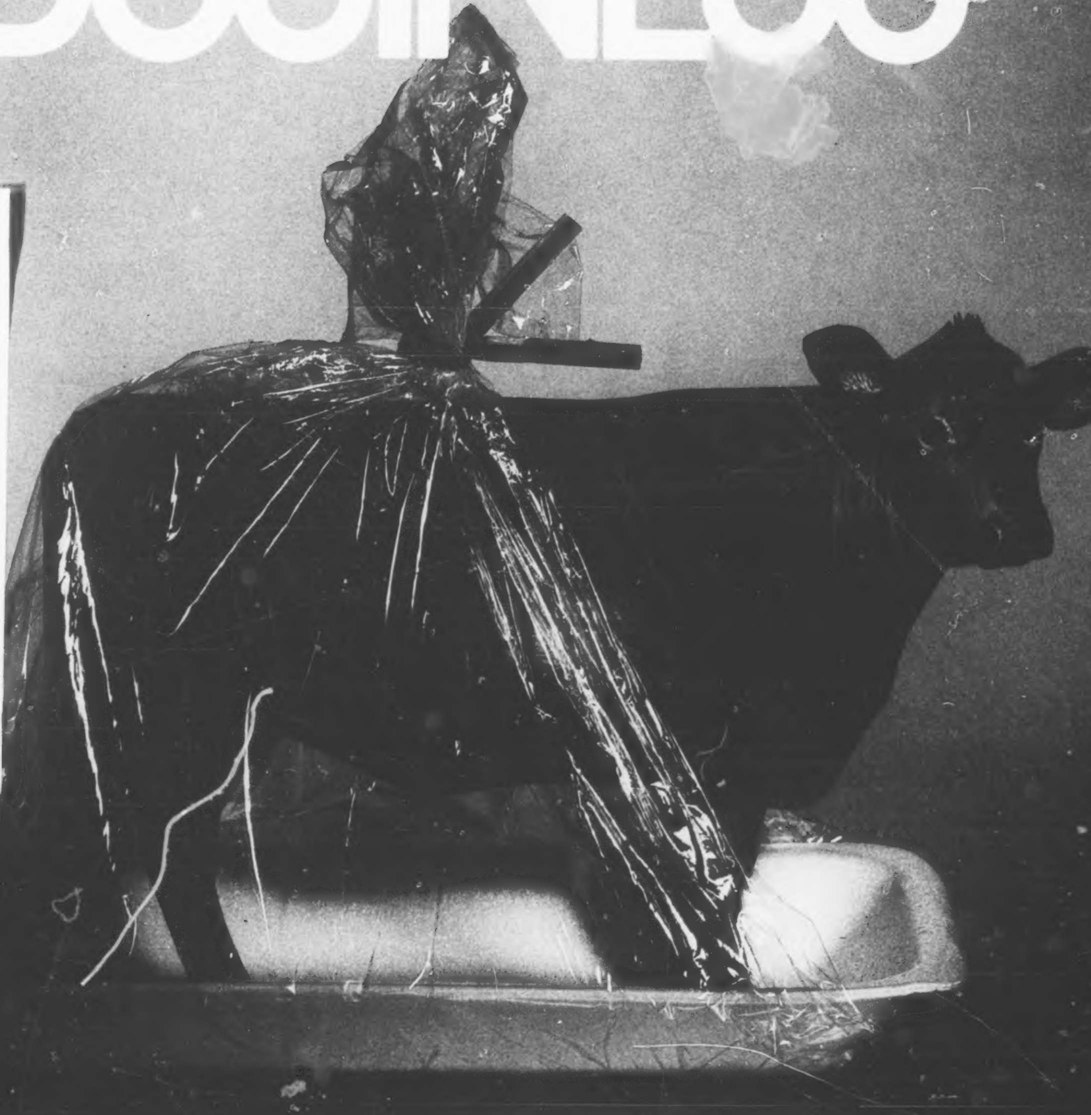

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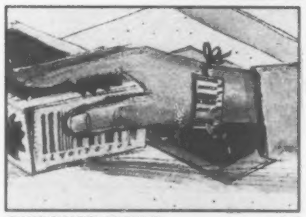

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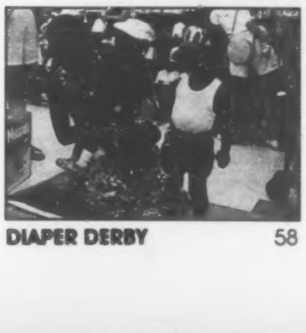

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Cover illustration: Andrea L. Gallo
Cover photography: Peter Brauné.

EDITOR'S VIEW

EDITOR-IN-CHIEF:
Kenneth P. Partch

SENIOR EDITORS:
Daniel Elman
Amy Lipton

ASSISTANT EDITOR:
Lauren Lekoeld

CONSULTING ART DIRECTOR:
Ellen Blissman

ART ASSOCIATE:
Andrea L. Gallo

CONTRIBUTING EDITORS:
Produce: **Barney H. McClure**
Meat: **Ken Johnson**
Food Prep: **Elaine Reader**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **John Baskin**

ASSOCIATE PUBLISHER:
Carol Fenshott

CIRCULATION MANAGER:
Barbara Kummer

PRODUCTION DIRECTOR:
Dennis Davidson

RESEARCH DIRECTOR:
David Litwak

ADVERTISING SALES:

EAST:
SOUTHEAST REGIONAL SALES MANAGER:
Peter Beyrent

NORTHEAST REGIONAL SALES MANAGER:
Thomas Dean

SALES DEVELOPMENT MANAGER:
Janet Isenberg

MARKETING MANAGER:
Janet Torres Cepeda

Fieldmark Media
25 W. 43rd Street, Suite 707
New York, N.Y. 10036

CHICAGO:
VICE PRESIDENT, NATIONAL ACCOUNTS:
Dave Wishard

REGIONAL SALES MANAGER:
John Sonderegger

Fieldmark Media
7366 N. Lincoln
Lincolnwood, Ill. 60646
312-673-6737

WEST COAST:
Sue Merritt

Fieldmark Media
16133 Ventura Blvd., Suite 1200
Encino, Calif. 91436
818-783-5888

FIELDMARK MEDIA
25 W. 43rd Street, Suite 707
New York, N.Y. 10036
212-354-5169

PRESIDENT AND PUBLISHER:
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CORPORATE OFFICERS
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BPA ABP

By Ken Partch, Editor-In-Chief

Does America *Need* Hypermarkets?

Let's talk about hypermarkets, since that's what all the talk seems to be about. I am amazed at how so many otherwise knowledgeable supermarket operators and observers talk about the hypermarket as if it is some brand new retailing phenomenon never before seen. Almost nobody says: "What is this thing, why is it different, and why should I care?"

Let us repeat. The hypermarket occurred in France, in the early '70s, and later in other parts of Europe for two reasons, neither of which apply to the U.S.—either then or now. The first is that the conventional 15,000 to 20,000 sq. ft. supermarket, with lots of parking, did not exist in France, or in most other parts of Europe—even Germany and Great Britain. The second, K mart, Caldor's, Target, Shopko, Woolco, Fedmart, Gemco—and all the other extant and extinct general merchandise discounters also did not exist.

The hypermarket was a means of leap frogging both developments into one enormous combination general merchandise discount store and supermarket, all under one roof, with central checkouts, and with 150,- to 200-, and 250,000 sq. ft. And the sales volumes they produced of $40- to $50 million annually in 1970, were truly phenomenal. They were so phenomenally successful that small retailers soon forced legislation that restricted their number—in one way or another. Europeans are not so patriotic as Americans about free enterprise.

I have written about this retailing truism many times and spoken it from many industry platforms. I have never been challenged on it, and once even predicted the failure of two early hypermarkets launched in Canada.

In the U.S., there is no discernible shortage of either general merchandise discounters or supermarkets of every stripe and variety, except in the most rural and undeveloped areas of the country. In fact, in New England, many of the store sites used by the second generation of super warehouse stores and super stores became available at the courtesy of failed discounters. Edwards Food Warehouse stores are in former Woolcos, for example, and Ralphs 24-HR stores with Target are in former Fedmarts.

Remember Fedmart? Everyone told me, in the early '70s, that I had to go to San Diego to see Fedmart, so I went. Here were stacks of general merchandise on steel warehouse shelves—not unlike Walmart—with a full line of groceries and food. At the time, I said it probably wouldn't work. I got a call from Hugo Mann himself, who wanted me to come to Germany and see for myself how it did indeed work. I respectfully declined, telling Hugo that the point was that it wouldn't work in San Diego. Eventually, of course, it didn't.

> **"Anybody can build a Cub, but not everybody has a distribution system to back it up."**

The idea does seem intriguing—to put together groceries with its high traffic and general merchandise with its much higher gross margins. It seems like an idea made in heaven. And if you happen to have a string of stores in western Canada, where there are few discounters and few good, big supermarkets, then the idea works beautifully, as Loblaw discovered. But when Loblaw brought its super store East, with its tons of general merchandise, the idea lost some of its luster, for several reasons.

Byron Allumbaugh, chairman of Ralphs, once made two good observations about store locations and store formats. I have written them both before, but I never hear these ideas mentioned either. When Ralphs became part of Federated Stores, many observers thought that Ralphs would somehow share locations with Federated's Gold Circle discount stores.

Byron observed: "We select supermarket sites on their own merit. These sites sometimes coincide with Gold Circle sites, but each is selected for its own reasons. There isn't necessarily any rub-off from the two." Nevertheless, it does seem that a supermarket will do better in a strip center location with a discount store than a free-standing supermarket by itself. But that may be simply a matter of proximity, convenience, awareness and familiarity. The second observation that Byron once made was: "Anybody can build a Cub, but not everybody has a distribution system to back it up." Funny, we never hear that mentioned either. But have you seen Super Valu build any Cubs where it doesn't already have a distribution center?

Few knowledgeable supermarket operators, today, would put a supermarket into a regional shopping center. The reason is similar to the reason that most hypermarkets don't work in the U.S.—shopping for general merchandise and groceries are usually (not always) performed on different shopping trips. Even in Europe, according to Don Watt, of Don Watt Associates, Toronto, who has designed many successful super warehouse stores and hypermarkets in Europe, "Shoppers shop once a week for groceries, and once a month for general merchandise in the same hypermarket."

Unless the shopper shops for general merchandise first, which would be most unlikely, the shopper would have a cart full of refrigerated and frozen products getting warm while he or she selected a pair of slacks (and tried them on), or discussed the merits and price of a refrigerator or clothes dryer—also not likely.

Of course, if you are on the outskirts of Calgary, or Poplar

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RED MEAT

CAN WE PACKAGE ITS PROBLEMS AT THE SOURCE?

The 1980s were not kind to the red meat industry. But the 1990s are shaping up much more favorably—at least for those willing to adapt to the realities of the '90s.

Ask a cattle producer about the long, hot, dry summer of '88. About the nation's scorched and barren grazing land. About the watering holes, small and muddy. About the fields where grain for feed should be ready for harvest, but isn't, and won't be. Ask and you'll get the familiar shrug of a man conditioned by a decade of adversity. A decade when red meat products were maligned as unhealthy. A decade when per capita chicken consumption outstripped beef. A decade when low cattle prices meant many producers made very little for their efforts, if anything.

The 1980s were not kind to the red meat industry. But they are almost over, and the 1990s seem to be shaping up much more favorably. While red meat sales are not expected to skyrocket in the 1990s, researchers are predicting modest sales gains, producers are saying they will have better and more convenient products and industry analysts are busy calculating how savvy retailers can make their meat operations more profitable. The outlook is good for both producers and retailers, at least for those willing to adapt to the realities of the '90s.

The fact of the matter is that retail meat has changed rapidly in the past few years. Because of health concerns, the amount of separable fat in retail cuts is down 27 percent and the fat content of ground beef is down 10 percent from just two years ago, according to a study by the Beef Promotion and Retail Board (Englewood, Colo.). And according to Prof. John W. Allen, a meat industry observer at Michigan State, retailers that have trimmed away visible fat have seen significant sales gains. The key for the future, says Allen, is for meat producers and retailers to continue listening to consumers, and adapting the product to meet their demands.

Here as elsewhere, baby boomers will have a lot to say about what succeeds and fails, for baby boomers will supply much of the expected rise in red meat consumption. As this generation born between 1946 and 1964 enters middle age, beef expenditures should rise 15 percent in the 1990s, says "Demographic Trends and the Meat Industry," a report prepared for the American Meat Institute. Among householders aged 35 to 54, beef expenditures should climb 28 percent.

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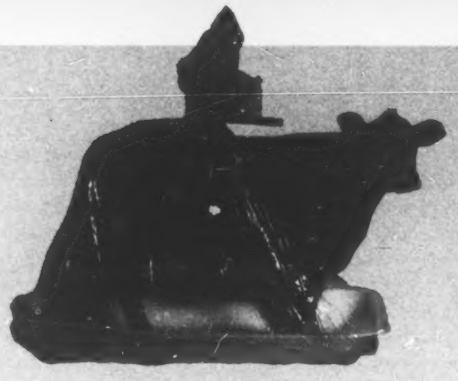


Most industry observers expect case-ready to command an increasingly important portion of the meat case, at least once the major packers develop case-ready products.

So what do boomers want? Quality, convenience and nutritional value, say retailers.

But the demographic outlook is not so easy to map out. The problem is there are so many demographic segments to deal with. In fact, the niches abound and as Tom Flaherty, coordinator of retail programs for the Beef Industry Council (Chicago) says, "Everybody's going for the niches."

Take Hispanics, for example. There are approximately 20 million Hispanic consumers in the United States today. There could be 40 million by 2010.

A study on Hispanic consumers prepared for a group of beef industry groups by Market Development Inc. (San Diego, Calif.) found that contrary to the norm, in most markets Hispanics are more likely to purchase beef than poultry. Consumption of beef is high and tending upwards in most markets and age groups. Heavy beef users represent the largest user segment. As a group, Hispanics are not particularly concerned with "health" attributes when it comes to purchasing meat.

As any good retailer in a Hispanic market can tell you, Hispanic consumers buy different cuts and prepare them differently from other ethnic groups. Gary Bales, the corporate director of meat operations for Pueblo International (Pompano Beach, Fla.), which owns the Xtra stores in south Florida, has also worked for chains that served Anglos primarily: "I was at King Soopers in Denver. People there place a big value on time, so convenience products were important. For our Hispanic customers in south Florida, price is definitely the button to push. Quality too.

"There's a different mix of products in our Xtra stores that cater to Hispanics. At King Soopers, we had self-service meat counters and service counters with upscale microwavable gourmet items. Here at Xtra, it's a fresh meat operation rather than a prepared-food operation. The service is in providing cuts Hispanic consumers want and in cutting meat to customer specifications."

Hispanics are just one of many niches. Ethnic background, income level, regional preferences all come into play in marketing meat. Retailers are getting better at figuring out how to characterize the consumers who shop different stores (see "Localized Marketing: Getting Away From the Broad-Brush Approach," SUPERMARKET BUSINESS, July 1988), but producers and retailers can still be surprised by who buys what.

"We thought the target group for Coleman Natural Beef would be yuppies," says Craig Caldwell, sales manager for the beef producer, which raises beef without antibiotics or growth stimulants. "Then we go into areas across the country and find it's not just them. Frankly, we still haven't figured out who buys it and why they buy it. They're health conscious people. They're concerned about fat and cholesterol, but we've done well in poor areas, in Hispanic areas, in areas where there are not a lot of what what marketers would define as yuppies."

There are many untapped niches and a lot that producers and retailers need to do to capture meat purchases. And there's still fierce competition from poultry producers. A new study, "Meat Demand: Industry Trends and Future Prospects to 1995," prepared for The American Meat Institute projects per capita beef and veal consumption will rise 0.77 percent between 1990 and 1995. Pork consumption in the same period will rise 0.83 percent.

By contrast, chicken consumption is projected to rise 1.42 percent and turkey consumption 1.37 percent. The study suggests that to become more competitive with poultry, red meat production costs must be reduced relative to poultry.

That may prove difficult, in part because the long term trend is toward higher prices, at least for beef. Jens Knutson, an economist with the American Meat Institute (Arlington, Va.) says, "Production is down and prices are up. We're going to see price increases over the next two to three years that are supply related. And the recent increases in commodity prices [for grain as a result of the drought] mean more pressure on beef prices."

Will higher prices dampen sales? Producers hope not, but to make sure they don't, they're planning larger and more aggressive efforts to promote red meat.

Industry initiatives

Fortunately, for the producers, the money to promote is at hand. The industry approved a checkoff program in May that will generate a huge pool of money for research and promotion—up to $70 million a year for the foreseeable future. "Beef producers understand they have a role to play in the marketing of their product," says John Francis, vice president of marketing for the Beef Industry Council, one of the groups that will be developing promotional campaigns for beef. "Our first goal is to make sure producers make money at this, then we can start working on increasing consumption. We'll do this through consumer advertising, food-service promotions and retail promotions."

The first signs of that expanded promotion effort will appear this month. The beef industry is a major sponsor of the NBC Summer Olympic telecasts; an instore promotion campaign tied to the Olympics is already in place.

The Meat NutriFacts program, also funded by checkoffs, is being expanded and is generally meeting with approval from retailers. In fact, there is general agreement among retailers that the industry's promotional efforts thus far—the "Real Food for Real People" television campaign, the Meat Features and NutriFacts programs—have been successful. Says Gary Bales of Pueblo, "Customers are going back to beef because of these promotions."

The industry's new P-O-P promotion,

To encourage promotion of beef beyond the fall period, the Beef Board and the Beef Industry Council have teamed up to sponsor a supermarket sales contest.

EXTRA! EXTRA!
New Fall Beef Sales Contest Gets Everyone Involved!
SERVE UP BIGGER SALES!
FALL BEEF PROMOTION

TABLE 3.10—THE COMPLETE BOTTOM LINE FOR INDUSTRY GROWTH 1990-1995

Potential (annual % change in consumption)

	BEEF & VEAL	PORK	OTHER RED MEAT	CHICKEN	TURKEY
Per Capita	.77	.83	–.07	1.42	1.37
Total	1.67	1.73	.83	2.32	2.27

scheduled to break this fall, "Enjoy Beef," will promote cuts that can be cooked in under 20 minutes and that contain fewer than 200 calories. A consumer game with cash prizes accompanies the promotion. Other promotions will follow, in part, because the industry is confident that promotion works.

A recent Beef Industry Council survey in Grand Junction, Colo., found that consumers who shopped in stores featuring point-of-purchase materials promoting beef purchased about 4.0 percent more beef than consumers in similar stores without the point-of-purchase materials.

Improving the meat department

The checkoff system is also being used to fund work designed to get at the basic economics of the retail meat department.

According to Michigan State's John Allen, "The industry is within reach of a good DPP model for meat. Retailers will probably be surprised at the extent of the shrink and the real cost of labor within the meat department. What we have now is essentially a small meat factory processing boxed beef into retail packages in the back of every supermarket. These factories are on some very expensive real estate and the presentation is maybe good, maybe not so good. The trend has got to be away from this."

Once work on the DPP model is complete, says Allen, "retailers will probably be surprised at the extent of the shrink in their departments and surprised at the real cost of labor. Retailers may end up rethinking how they ought to sell meat."

Allen and others in the industry say the growing importance of promotional campaigns and the emerging understanding of what it costs to retail meat may accelerate the industry's move away from boxed beef toward branded products and case-ready products.

But Herb Meischen, vice president of marketing for Excel, a producer of premium-quality branded beef, warns, "Marketing hype alone will not produce consumer response. The product must have something unique to offer."

Prospects for branded

Producers of branded beef are generally upbeat about their sales and optimistic about their future, even while recognizing that their share of retail sales is small and will continue to be that way.

"Ours is a niche market product," says Gary Larsen, president of Larsen Beef (Harlan, Iowa), a producer of a premium priced "natural" beef. "We've been in enough retail counters to show that we create incremental sales for the meat counter—we can bring in 5 to 10 percent more sales in dollars."

In the past year, Larsen has tripled the number of cattle slaughtered from 100 per week to 300 and expects to double that number within a year. Larsen plans to roll out the product into 200 to 300 stores this year in Atlanta, Cincinnati, Richmond, Va., and Seattle.

Craig Caldwell of Coleman Natural Beef (Denver) reports sales are up five to 10 percent this year to $20 million and sees similar growth for the coming year. Over the past 12 months, Coleman beef has found its way into meat cases at Purity Supreme in Boston, A&P stores in New York, New Jersey and Connecticut, into stores in Atlanta and Salt Lake City, and anticipates adding five large metropolitan areas in the coming year.

Excel branded products, introduced in 1986, are currently marketed in the Southeast, in Ohio, and in Air Force commissaries. Introductions in two new markets are planned for later this year.

Partly behind the shift to branded products is the ability of the branded producers to deliver a low-fat product outside the USDA grading system. The current system, which grades animals for yield and quality, tends to reward producers of high fat animals with the better grades, and thus, better prices for their animals.

Chuck Jolley, a spokesman for Cryovac, which manufactures packaging materials for meat, says "People want more taste fat and less weight fat. Uncoupling [the two grading systems] is the way. There is probably a strong market for [lower fat] select beef, but the packers are generally selling choice because it is more profitable for them."

The USDA took the first step toward uncoupling the systems in February, when it published a proposal in the Federal Register to uncouple yield and quality grading for beef. The proposal was sponsored by the American Meat Institute and the National Cattlemen's Association. If the two grading systems were uncoupled and packers could choose one or the other grading system, "we will get to a system where we pay for meat, not for the fat. That's what we're on the verge of right now, and that's very good," says Prof. Allen of Michigan State.

Though branded products are gaining, they are doing so slowly. The reason, says Jolley of Cryovac, is that "meat is one of the last places where supermarkets are willing to surrender their identity. Many see and have seen their meat departments, especially their beef products, as the place where they can create an identity for the stores with their own packaging, service and presentation. I think a lot of them are going to be reluctant to stock branded and case-ready products for that reason."

Problems in pricing

Case-ready, which is how most of the branded products come, represents a whole new way of retailing meat, one that producers say requires retailers to change some very fundamental habits. Habits like pricing.

Says Meischen of Excel, "When retail management sets 20 to 25 percent gross margins on our meat products like their own, they price Excel right out of the market. Store management has to understand that Excel is assuming much of the cost of processing, packaging and promotion. It doesn't cost the retailer as much to sell our product so they can't expect to get the same margin on it."

Meischen says Excel products, priced correctly, can offer more profit contribution than the store product, and help upgrade the image of the store: "This meat gives the store a quality image and can solve much of the out-of-stock problem at the retailer's end. With case-ready product, anyone can stock the meat case. You don't need a trained meat cutter on duty or available when stocks get low."

It's not news to retailers that good meat personnel are hard to find. But here again, demographics are working against the status quo. There will simply be fewer workers entering the work force over the next decade and the number of workers entering trades like meat cutting is expected to shrink.

"The trend toward case-ready is happening because retailers are saying they want a product they can put in a case that's already trimmed, boned and packaged," says Jim Hodges, vice president of fresh meat at the American Meat Institute. "There's consistency of product and control of quality in case-ready products that just can't be achieved with boxed beef."

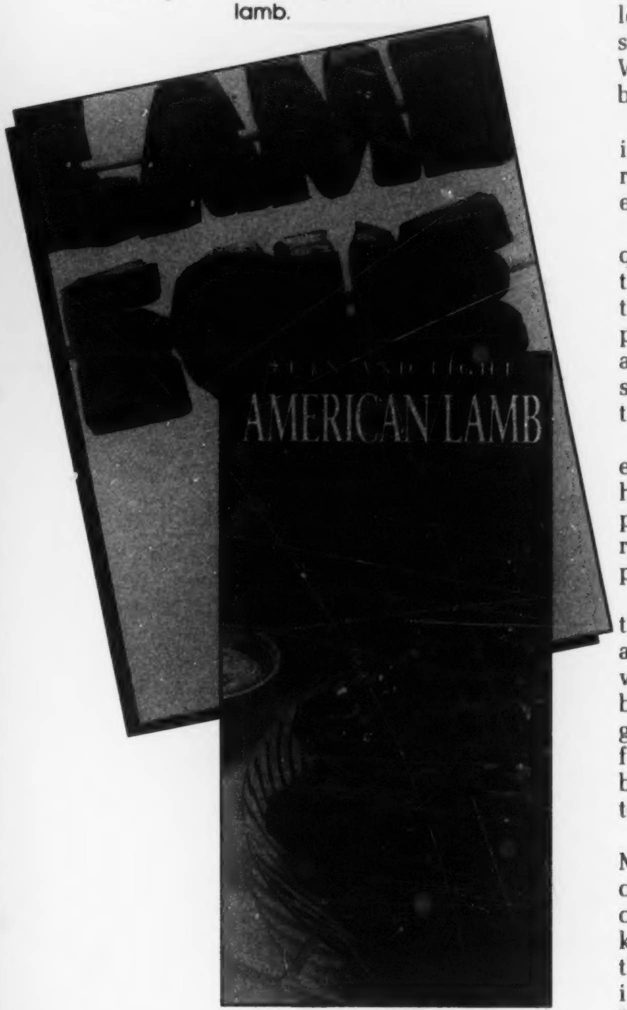
Some retailers are beginning to feel that it is just a matter of time when super-

In red meat, as in other areas of retailing, baby boomers will have a lot to say about what succeeds in the 1990s.

The rumor within the industry is that the packagers are getting closer to a significantly better packaging process for case-ready meat.

markets will be out of the business of backroom meat cutting. "The people just aren't available," says Tom Infusino, chairman of Wakefern (ShopRite), Elizabeth, N.J., "even at the good pay that meat cutting offers. Apprentices are not available for the two-year training period that is required. This in itself will force supermarkets to move away from backroom fresh meat cutting and packaging. It must move backward toward the source, toward the cattle growing and packing areas. There are indications that the technology is getting close to be able to produce a package of case-ready beef that has the bloom that will appeal to consumers.

Not to be outdone by the beef people, the American Lamb Council is promoting "Lambecue" season. Recipe flyers are also available, promoting the "lean and light" nutritional qualities of lamb.



"Sales of fresh beef have pretty much stabilized over the past few years," says Infusino. The 'no fat' program helped, and the service meat program where we sell only prime beef also helped."

It was much the same with poultry. Wakefern no longer buys iced chicken. All the chicken they sell is processed before it is bought and requires no skilled labor in the stores, just someone to stock the cases.

Case-ready red meat has other advantages as well; the concept appeals to important groups of consumers and some early research suggests that case-ready products may boost meat department profitability.

The case for case-ready

Kroger, for example, has stocked case-ready meat for two years. According to Gary Walters, director of meat/seafood merchandising, "We're seeing strong brand loyalty to case-ready meat products. Consumers like the packaging, like the taste. We're seeing 70 percent repeat purchase—but that initial trial is very hard to get."

The negatives, according to Walters, are immediately apparent to consumers: case-ready products are perceived as more expensive, not fresh and the wrong color.

Says Jolley of Cryovac, "The biggest question is whether consumers can accept the color of case ready meat. If you wrap the meat quickly after it is cut, it turns up purple in the meat case—it's not very appetizing. Some producers say they can sell people purple meat. Our studies say that's going to be difficult."

It's a problem that producers acknowledge. Says Larsen of Larsen Beef, "We haven't solved the color problem or the purging problem [the tendency for blood to run out of the meat and collect in the package]."

The rumor within the industry is that the packagers are getting closer to a packaging process for case-ready products that will present meat with a natural looking bloom. IBP, the Dakota City, Neb.-based giant, the nation's largest processor, confirmed that it is doing research in the area, but would not confirm that they have plans to introduce a case-ready product.

Even so, producers like Larsen and Meischen point out that some segments of consumers can be sold on the convenience of case-ready, especially on the fact that it keeps much longer than store-cut beef in the refrigerator: "Convenience is very important to our consumers," says Meischen. "They're health conscious and have a medium to high income. They're pressed for time and they want a product they can keep in the refrigerator and prepare quickly."

Some research done for the American Meat Institute may sell some retailers on case-ready as well. The study, conducted by Willard Bishop, an industry consultant, found that case-ready products can increase margins in retail meat counters by close to 50 percent. In the test, stores in two chains in two cities stocked case-ready and store-cut meats. Each store's meat department showed a 42.8 percent increase in weekly operating income with the two products for sale. The source of much of that income was savings from decreased labor costs.

Eliminating labor from the picture may be desirable from a profit standpoint, but does pose some perils as well. Caldwell of Coleman Natural Beef, which does not produce case-ready products, says, "There's the potential for union members to sabotage case-ready products. We've heard of it happening, though we haven't seen it ourselves."

Most industry observers expect case-ready to command an increasingly important portion of the meat case, at least once the major packers develop case-ready products. Says Allen of Michigan State, "For this category [case-ready] to really take hold, it needs more than a couple of small players involved. It needs the major packers like IBP. And IBP says now that the packaging is just not ready. Monfort has said that they don't expect much to happen in the next couple of years. But it's pretty obvious that that's where things are going."

Pre-cooked a minor presence

There has been some cautious experimentation with pre-cooked products in the retail meat case, but consumer acceptance seems thin, according to retailers.

"I've heard different things about retailers' experience with pre-cooked products," says Flaherty of the Beef Council. "With the right consumers and the right marketing it can work, but it's tricky. For example, Kroger seems to do well with it in some stores and not so well in others. I'm not sure why. I don't know if they know exactly why it does better in some places than in others."

Frank Lusk, manager of fresh meat procurement at Safeway, says, "We've looked at pre-cooked meat products and have seen some successes with them, but frankly, we haven't had any major successes with them."

Continued on page 52

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 3/25/88	4 WEEKS ENDING 4/22/88	4 WEEKS ENDING 5/20/88
BABY NEEDS	[illegible]	[illegible]	[illegible]
Baby Powders	−10.1	− 4.1	−10.9
Baby Oils, Creams & Lotions	+ 8.1	+12.7	+ 5.5
Infant Clothes	−18.7	−17.8	−13.2
Nursing Supplies	+ 2.2	+ 4.1	− 0.9
DEODORANTS	[illegible]	[illegible]	[illegible]
Sprays	+ 2.2	− 6.0	− 7.7
Roll-Ons	+ 4.0	+ 4.2	− 3.0
Stick Deodorants & Pads	+ 8.3	+ 5.0	+ 4.1
Creams	− 8.5	− 7.0	− 8.7
Deodorants & Talcum Powders	+13.4	+28.2	+27.3
Feminine Hygiene Deodorants	+22.8	+44.0	+49.4
Foot Deodorants & Athlete's Foot Remedies	+ 8.4	+24.6	+ 5.3
Feminine Douches	+11.0	+10.6	+ 9.4
FIRST AID	[illegible]	[illegible]	[illegible]
Antiseptics	+12.5	+ 9.3	+ 4.9
First Aid Products	− 1.9	+ 2.4	− 2.6
HAIR CARE NEEDS	[illegible]	[illegible]	[illegible]
Shampoos	− 6.4	+ 1.5	+ 1.0
Hair Sprays	+11.6	+18.4	+20.5
Hair Conditioning Rinses	+ 1.9	+11.2	+ 5.6
Hair Setting Needs	+ 2.3	+ 7.8	+ 2.0
Home Permanent Kits	−12.8	−16.5	−13.4
Hair Coloring	− 1.1	+ 3.9	+ 3.4
Hair Dressing Needs	− 7.3	− 9.9	−14.6
ORAL HYGIENE	[illegible]	[illegible]	[illegible]
Toothpastes & Powders	− 1.9	+ 3.1	+ 7.9
Mouthwashes	−12.9	+ 8.3	+20.2
Breath Fresheners	− 7.4	− 6.3	+ 1.0
Denture Cleaners	+ 0.6	− 2.0	− 8.0
Denture Adhesives	+ 3.1	+ 4.8	− 2.7
Toothbrushes	+ 6.4	+ 0.8	+ 3.1
Dental Aids	+12.9	+ 6.8	+13.6
PROPRIETARY REMEDIES	[illegible]	[illegible]	[illegible]
Antacids	+ 1.7	+ 5.8	+ 9.0
Internal Analgesics	+ 8.1	+ 7.2	+ 3.5
External Analgesics	+ 3.3	+ 8.8	+ 2.3
Cold Remedies	+ 3.4	+ 6.4	+10.9
Nasal Sprays—Drops—Inhalers	− 5.7	− 5.4	− 2.1
Chest Rubs	− 2.7	− 3.5	+12.5
Cough Remedies	+ 1.8	− 2.0	+13.0
Laxatives	+ 7.9	+12.8	+ 8.9
Sleeping Aids	+14.3	+ 5.7	+ 5.3
Tranquilizers	+ 6.5	+ 3.3	− 4.1
Synthetic Vitamins	+ 9.4	+11.8	+11.2
Eye Care Products	+12.4	+16.4	+ 9.6
Appetite Suppressants	+12.8	+28.6	+29.6
SHAVING NEEDS	[illegible]	[illegible]	[illegible]
Shaving Creams	+ 1.8	− 0.5	− 9.2
Pre-Shave Lotions	− 1.8	+ 2.4	− 5.3
After-Shave Lotions	− 0.7	+ 0.1	− 0.5
Razor Blades	− 4.4	+ 4.0	− 1.4
Razors & Blades	− 4.0	+ 2.3	+12.6
SKIN CARE AIDS	[illegible]	[illegible]	[illegible]
Hand & Body Creams & Lotions	+ 4.0	+ 3.2	− 0.4
Facial Preparations	+10.2	+ 9.9	+ 8.9
Lip Care Products	− 1.6	+15.1	+12.4
Suntan Lotions & Oils	+22.7	+12.0	−25.1
Cosmetic & Medicated Skin Aids	+ 4.7	+ 7.2	+ 6.0
TOTAL ALL CATEGORIES	[illegible]	[illegible]	[illegible]

HBA Gain in May Again Outpaces Trends in Other Product Departments

Strong performance in high volume categories contribute to 4.6% increase for 4-week period

BY ALAN MILLER JR.

Following in the footsteps of an excellent record during April, May was also a banner month for health and beauty aids, particularly proprietary remedies, hair sprays and oral hygiene items. The unit volume increase exceeded the other SAMI product departments in both dollars and units as was true in the preceding period. Frozen foods, with a tonnage increase of 2.9% came closest to matching the strong uptrend enjoyed in the HBA departments. Frozen foods had a gain rate of 6.9% in dollars just under the level achieved by health and beauty aids. For the reporting period ending May 20, 1988, there were tonnage losses both for dry grocery: foods (-0.2%) and dry grocery: non-food (-1.9%). Refrigerated foods gained 0.5% in pints or pounds and 2.5% in dollars.

In this April reporting period, HBA item movement in food stores was far more impressive than sales in drug stores for these same product categories where a slight decline was being recorded. In May, however, the drug store increase amounted to 7.7% while dollars were advancing 12.3%. On both bases the drug store trending was superior to their most recent 28-day gain rates in food stores.

Another difference between periods, in the HBA food store trending is that during the preceding period, these were tonnage gains in all of the eight product groups tracked by SAMI and, at the category level of measurement, the gains exceeded the losses on a 40 to 12 ratio. In the May period under scrutiny there were only five product groups with gains and 32 categories with pluses. However, since several of the strong categories were high volume universes, the decline in the growth rate from the proceeding month was modest. For all 52 product combined, the 4-week increase in April amounted to 13.7 million units, while in May the 28 day gain amounted to 11.8 million units.

During the March - May span there were few outstanding new products to trigger category volume expansion. Some of the new offerings included Lady Gillette razor sets, Aloe Butter facial preparation, Prevention Toothbrushes and Ultra Star Shampoo and Hair Conditioner from Johnson & Johnson and Shock Waves Hair Dressing introduced by Wella AG Corp.

No comparison possible

SAMI is now tracking sales of contraceptives, personal lubricants and home testing kits in both food and drug stores, but volume in these new categories is not included in the department total because of the absence of volume in the corresponding year ago period.

As contrasted with a gain of 4.8% for baby needs as a product group in the preceding period, sales trended downward 0.6% in May due to losses of 10.9% for baby powders, 13.2% for infant clothes and 0.9% in the nursing supply category. The only category with a gain was baby oils, cream and lotions and in this instance the gain rate fell from 12.7% in April to 5.5% in May.

All but one of the deodorant categories measured by SAMI fared better, trend-wise in April than in May. Feminine hygiene volume was 49.4% higher in the current period vs. a gain of 44.0% in the prior period. spray deodorants continue to lag and the most recent 7.7% loss compares with a loss rate of 3.85 for the full year, or 4.0% on a 12-week basis. Roll-on deodorants went from a gain of 4.2% in April to a 3.0% decline for May. Stick deodorants/anti-perspirants continue to be the growth sector in personal deo-

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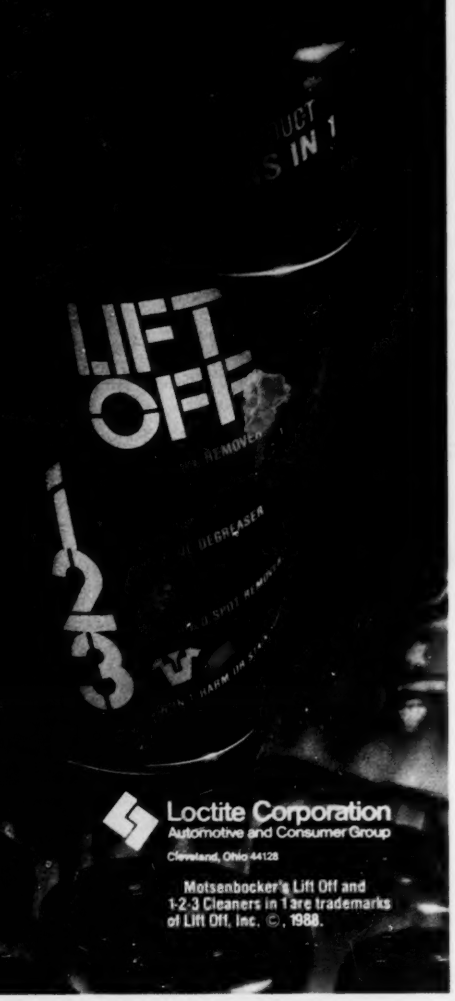

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SAMI UPDATE

dorants and their growth caused losses in the other forms, including -8.7% for creams. However, deodorant and talcum powder volume spurted 27.3% almost matching the 28.2% jump in April. The gain rates for food deodorants and athletes foot remedies as well as feminine douches/washes were slower in May than had been seen in the preceding period.

In the first aid product group, the plus volume prevailed for antiseptics, although the current 4.9% gain rate was under the 6.2% 52-week posting or the 8.5% performance for 12-weeks. However, in the first aid products category a loss of 2.6% contrasts with a gain of nearly the same proportion in April. The two categories combined produced a loss of 0.7%.

Sales of hair care needs, as a product group were 4.6% ahead of the corresponding year ago pace in spite of losses of 14.6% for hair dressing needs, 13.4% for home permanents kits and 1.0% for shampoo. A continuing upsurge particularly in hair spray volume (+20.5%) and 5.6% for hair conditioning rinses served to offset the volume losses in the three categories mentioned. The most recent 13.4% decline for hair permanent kits represents only a modest improvement in the trend in the preceding month (-16.5%). The loss rate among hair dressing needs has worsened from 9.9% in April to -14.6% in May.

On balance, a 'plus'

Five out of the seven categories of oral hygiene were in plus territory and the two with loss rates were denture cleaners (-8.0%) and denture adhesives (-2.7%). Mouth wash volume soared 20.2% a major improvement over the 8.3% gain recorded in April and an even more impressive showing against the 12-week gain of just 3.3%. Also showing good sales momentum was the high volume toothpaste and powder category where the 4-week gain rate amounting to 7.9% is four times the 52-week increase of 1.9%. Breath fresheners, a low volume category, had a 1% gain in comparison with a loss of 6.3% in the preceding period. Toothbrush volume moved ahead 3.1% while dental aids enjoyed a double digit gain rate of 13.6%, fairly similar to the 52-week trend of 10.7% and the 12-week performance +10.3%

Almost half of the 4-week gain for all 52 HBA categories combined was registered in the proprietary remedies product group. In these 14 categories the 4-week unit volume increase amounted to 5.8 million and for the product group as a whole this gain rate was 7.8%, significantly higher then the 6.2% increase in April. There were six categories exhibiting double digit gains: appetite suppressants (+29.6%), cough remedies (+13.0%), chest rubs (+12.5%), synthetic vitamins (+11.2%), natural vitamins, minerals, supplements (+11.0%) and cold remedies (+10.9%).

Slight nosedive

The only category associated with cough and colds with a loss was nasal spray-drop-inhaler, but even this loss of 2.1% represented a better showing than the preceding period drop of 5.4%. Antacid volume rose 9.0%, far in excess of the 5.4% gain on a 12-week basis or the 3.6% increase for the full 52 weeks. The gain in the high volume internal analgesics category (3.5%) was a fall back from the 6.4% plus for the 12-week span. Both laxatives and stool softeners and sleeping aids showed increases but at a lower rate than for the 12-week period. Eye care products (+9.6%) fell below the double-digit gain rate usually found in this expanding category. May was a strong month for vitamins and supplements and both synthetic and natural categories were ahead 11% and each shows identical 12-week improvement amounting to 9.5% over the same 12-week year ago period.

There was only one category of shaving needs with a gain - razors and blades - and the appearance of the aforementioned Lady Gillette razor sets contributed to this improvement. In the preceding period only shaving creams was in the loss column and in May the loss rate accelerated to a 9.2% level. There was not much change in the trends of after shave lotions during the two 4-week periods. A gain of 0.1% in April became a loss of 0.5% in May. Razor blades - the high volume category in this product group - moved from a 4.0% plus to a 1.4% minus from on 4-week period to the other. ■

COVER STORY

Continued from page 22

Lusk is more sanguine about the prospects of pre-cooked poultry products. Roasted turkey breasts have "done okay" in Safeway stores as have a couple of other pre-cooked poultry products.

Slim interest in light pork

Over the past decade, pork producers have faced many of the same challenges that beef producers have: the perception that the product is unhealthy, the absence of new products and the shift in consumer preference toward lighter meats. The industry has responded in many of the same ways that the beef industry has, but not always with the same results.

Pork producers have had considerable success in reducing the amount of fat in their products. In fact, a National Academy of Sciences report released this year found that there had been a "remarkable reduction of backfat and increase in lean tissue" in market hogs during the last 15 years. Leanness of retail pork cuts also improved "markedly" over that period.

The pork producers have tried to reposition pork in the consumer's mind with an advertising campaign labeling pork "The Other White Meat," but the experience of Wilson Foods (Oklahoma City, Okla.) suggests that consumers may not be ready to perceive pork as a low-fat/low-calorie product.

Wilson introduced its Tender Cuts, a premium case-ready pork product, in 1987. Wilson injects a solution into Tender Cuts to keep the product tender even if consumers overcook it, something consumers often do with pork. The initial campaign for Tender Cuts promoted it as a lower fat product, but "once we really got into the program, we found that consumers were interested in the fact that it cooks up tender every time," says Ron Marsh, director of retail products for Wilson.

Hormel, another large pork producer, is taking much the same tact. It is concentrating on case-ready premium products, and convenience products such as a new bacon product that comes in specially developed microwavable packaging.

Similar trends in lamb

Trends in lamb product resemble the trends in beef and pork production in several respects. After several years of declining consumption, lamb sales have been climbing at about eight percent a year for the past two years.

As with beef and pork, there's interest in developing case-ready products and that interest is stronger perhaps than it is among beef and pork producers. The reason, says Mark Dunn, a marketing director for the American Sheep Producers Council (Denver), is that lamb tends to be a low-priority item for the meat manager, and thus the last meat cut for meat counters, the last meat turned, and the most frequent out of stock.

Interestingly, The Monfort Co. (Greeley, Colo.), one of the largest beef processors, which as yet has not introduced a case-ready beef product, is currently market testing a case-ready lamb line in A&P stores in the Northeast. The company, the nation's largest lamb producer, is selling the branded lamb at or above their objective levels, according to Dunn.

Other companies trying to build a brand franchise with case-ready products, though distribution is very small at this point, include John Morrell Co. (Northfield, Ill.) and Farmstead.

The industry is experiencing good results with retail merchandising promotions tied to seasonal themes. One, currently in place, is designed to promote lamb as a product for summer barbecues and at the same time, convince retailers that the profitability of lamb goes up dramatically when more and varied cuts of lamb are promoted to consumers.

One chain that took the promotion to heart, King Soopers in Denver, has already seen a seven-fold increase in lamb sales, says Dunn.

After the drought

Aside from concerns over consumption trends, consumer acceptance of branded products, and the relentless competition from poultry products, the current drought figures prominently in producers' and retailers' thoughts about meat trends.

Producers like Caldwell at Coleman Natural Beef are concerned that with higher feed prices, there will be some initial hurrying of beef to the market. This may drive prices—and profits—down in the short term, but aggravate already existing shortages of beef, which will push prices up over the long run.

For once this is an industry that wouldn't mind seeing some storm clouds on the horizon. ■

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